



L A N D C O M
A N N U A L
R E P O R T

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[ministers letter]

The Hon. Eric Roozendaal MLC
Treasurer

Level 36
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

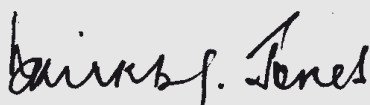
The Hon. Joseph Tripodi MP
Minister for Finance,
Minister for Infrastructure

Level 31
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

31 October 2009

Dear Ministers,

We are pleased to submit to you, for presentation to the Parliament of New South Wales, the Landcom Annual Report for the year ended 30 June 2009. The report has been prepared in accordance with the Annual Report (Statutory Bodies) Act 1984 and the applicable provisions of the Public Finance and Audit Act 1983.



William Kirkby-Jones AM
Chairman



Sean O'Toole
Managing Director

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Chairman's review

Although Australia escaped the worst of the effects of the global financial crisis, the past year was one of considerable uncertainty and the housing sector was no exception. Despite these troubled economic circumstances, Landcom was able to produce a net after tax operating profit of \$33.2 million which was marginally better than forecast in our Statement of Corporate Intent. This enabled the Corporation to return to the Government \$58.2 million by way of dividends and tax equivalent payments.

This was no small achievement and was attributable in part to the Corporation's capacity to respond quickly to the Federal and State Governments' funding initiatives and other incentives designed to create jobs and stimulate economic activity.

Landcom's response to these initiatives was to bring into the market place first home buyers' product to meet burgeoning demand and to work collaboratively with other Government agencies to deliver social housing and infrastructure. At the same time the Corporation intensified its work program on a number of its landmark projects at a time when much of the industry was forced to severely scale back activity.

Landcom has also played an important part in helping the State Government to deliver the targets contained in the Commonwealth's stimulus package – particularly in relation to first home buyers and social housing. Generous grants and historically low interest rates encouraged first home buyers back into the market in increasing numbers and this helped to underpin a remarkable improvement in our land sales revenue particularly in the second half of the year.

The achievement of our financial targets has again demonstrated Landcom's adaptability and agility to meet changing and challenging circumstances and we make no secret of the fact that we believe Landcom's true value to Government lies in our ability to build strong relationships, solve problems with a "can do" attitude and to drive sustainable solutions across our projects. That these attributes have been given recognition during the year is most pleasing and the Managing Director comments on this in more detail in his report.

Over the coming year, we will continue to work with other agencies to help deliver the Government's nation-building and economic stimulus package. In an environment in which our private sector partners face considerable capital constraints, we will need to be even more flexible in our arrangements with them to ensure their continued interest and involvement in our projects.

Importantly, our business model must adapt and change in response to economic conditions which, we believe, will continue to be quite difficult into the medium term. In this way, we intend to remain a catalyst for investment and thus help to shore up confidence in the property sector.

In the short term we expect that the property market will remain subdued and this brings with it a growing imbalance in housing supply and demand; presently only about half of underlying housing demand is being met.

Any rise in unemployment could further dampen demand temporarily, but over the medium term, given the anticipated population growth, a sharp recovery in urban infill developments may well be expected. If this eventuates, there will be a need for a substantial supply of "brownfield" sites to be identified and amalgamated well in advance. This is an appropriate role for the Corporation and one which we will tackle energetically.

In preparing this overview, I have been reminded of the extent and reach of Landcom's work, the sustainable solutions that have maintained its industry leadership and the broad spread of the corporation's projects and I am acutely conscious of just how much has been achieved.

In addition to its adept handling of the new and challenging situations that inevitably arise each year, Landcom achieves its long-term goals by identifying and embracing clear strategies and measurable targets to be delivered over the short to medium term. It is, of course, the staff of Landcom to whom most of the credit is due for the Corporation's achievements.

The Board extends to the staff, the senior management team and to the Managing Director, Mr Sean O'Toole, special thanks for a splendid performance in what has been a most challenging year.

The Board also extends a warm welcome to new Director Ms Kim Cull who joined the Board this year. Besides her legal expertise, Kim has extensive private and public sector experience.

My personal thanks go to my fellow directors who always engage in welcome and robust debate and who give so generously of their wise counsel; they make my job a most enjoyable one.

William Kirkby-Jones AM
Chairman



Managing Director's review

As the Chairman has indicated, Landcom's charter is to broker solutions to meet the needs and priorities of Government, as well as the commercial realities of the private sector. Building strong relationships with both the public and private sectors and taking a leadership role in sustainability are hallmarks of this process.

It is pleasing to be able to report our achievements on all of these fronts this year, details of which you will find in the pages that follow.

Two projects that perhaps bring to life this charter in the most meaningful way are One Minto and the work we are currently undertaking with the Department of Ageing, Disability and Home Care (DADHC).

As readers of past reports may recall, One Minto is a massive redevelopment in which Landcom has partnered with the Department of Housing and Campbelltown City Council to revitalise and transform a former housing estate's poor physical and social environment into a vibrant, modern community. It is achieving this by providing a mix of public and private housing, attractive streetscapes, generous open spaces and community facilities.

The close working relationship forged with Housing NSW at Minto has delivered notable benefits, and will continue to do so. Landcom is now working with the department to investigate renewal opportunities in other locations. We have also been asked to work closely with the department as part of the first tranche of the government's nation-building stimulus package.

Landcom was approached during the year by DADHC, which sought our assistance and advice on the construction of group homes for people with disabilities. We established a builder panel and will take responsibility for managing the delivery of 26 homes over the next 12 months with the possibility of another 60 homes over the following two years. This relationship shows how Landcom's development "know how" can be applied to issues and tasks outside our traditional span of operations and I expect this ability to have long-term implications for the way Landcom works with other Government agencies in future.

Our leadership position in sustainable development was affirmed in February this year when we were named one of the country's top performing Government enterprises by the Australian Centre for Corporate Social Responsibility. We were recognised for our environmental, social and financial performance over the past three years, and for our sustainability and environmental capabilities.

Equally pleasing was the recognition received from our industry peers. Landcom projects received a range of prestigious awards this year, most notable of which was a national UDIA award for Prince Henry at Little Bay and a National Excellence Award at the Property Council of Australia Awards for Innovation and Excellence for Rouse Hill Town Centre. More details of these awards are on Page 8.

As always, our success in these and other projects relies in no small part on the creative talents and commitment of our

development partners, and on the willingness of councils to allow us to be innovative in our projects. This leads me to a vital point: we are able to achieve such great results because we have strong relationships with a variety of stakeholders. Thanks to these relationships, issues are never consigned to the too-hard basket and we are invariably able to find sustainable solutions to complex problems.

Recognition is one thing, but the ability to influence sustainable development is quite another. A major achievement this year was the July 2008 launch of Landcom's Boxed Set of Guidelines by the Minister for Planning at our Landcom Conference. This highly successful event was attended by 250 local and state Government representatives, development partners and industry consultants. Following the conference's success, we embarked on a program of regional seminars to publicise the Guidelines and explain their role in helping deliver memorable and successful places. We received wonderful feedback on the value of this initiative, particularly from local government.

Awards and guidelines notwithstanding, the year was one of consolidation for Landcom in many of our projects. We continued to act as a catalyst to provide land where it's most needed, roll out the required infrastructure and create jobs and investment in the housing industry. We continue, too, to seek every opportunity to produce housing that is more affordable for purchasers on moderate incomes. This continues to be one of our greatest challenges and one to which we continue to dedicate substantial effort and resources.

While we maintain good progress across our projects, we are constantly analysing and dissecting the business model to see whether there are other initiatives we can introduce to help the Government implement its policies.

I would like to make use of this opportunity to thank the Board, my colleagues and each and every one of Landcom's dedicated people for the outstanding progress we have made this year. None of it would have been possible without you. Of course, much work remains to be done, but with your help we can build on already strong foundations to safeguard a bright future.

A handwritten signature in blue ink that reads "Sean O'Toole".

Sean O'Toole
Managing Director

About us



Victoria Park



Victoria Park



Hunterford



One Minto



[Our role is to assist Government in implementing its urban and regional development policies.]

[Our vision is to achieve world-class sustainable development that reflects community aspirations, through collaboration with Government and industry.]

As the New South Wales Government's property developer, Landcom provides the link between the social, environmental and economic objectives of Government, the commercial sector and community aspirations.

Successful metropolitan growth depends on appropriate Government intervention in the development process, particularly where the private sector is unable or unwilling to become involved. That's where Landcom comes in. Our value to Government is based on our ability to solve problems, to act as a catalyst for good development and to take a leadership position in the property development industry.

How we operate



Prince Henry at Little Bay



Rise Apartments at The New Rouse Hill
photo courtesy of Lend Lease GPT



Victoria Park



The Ponds

[We are able to evolve and adapt to changing Government priorities, fund our own activities and maintain long-term financial sustainability.]

Landcom's developments must carry out – and positively influence – Government objectives for Sydney's growth. These objectives are set out in the NSW Government's Metropolitan Strategy and the State Plan.

They commit us to renew urban areas, develop new housing estates and suburbs, create sustainable new communities and deliver better services to metropolitan and regional areas.

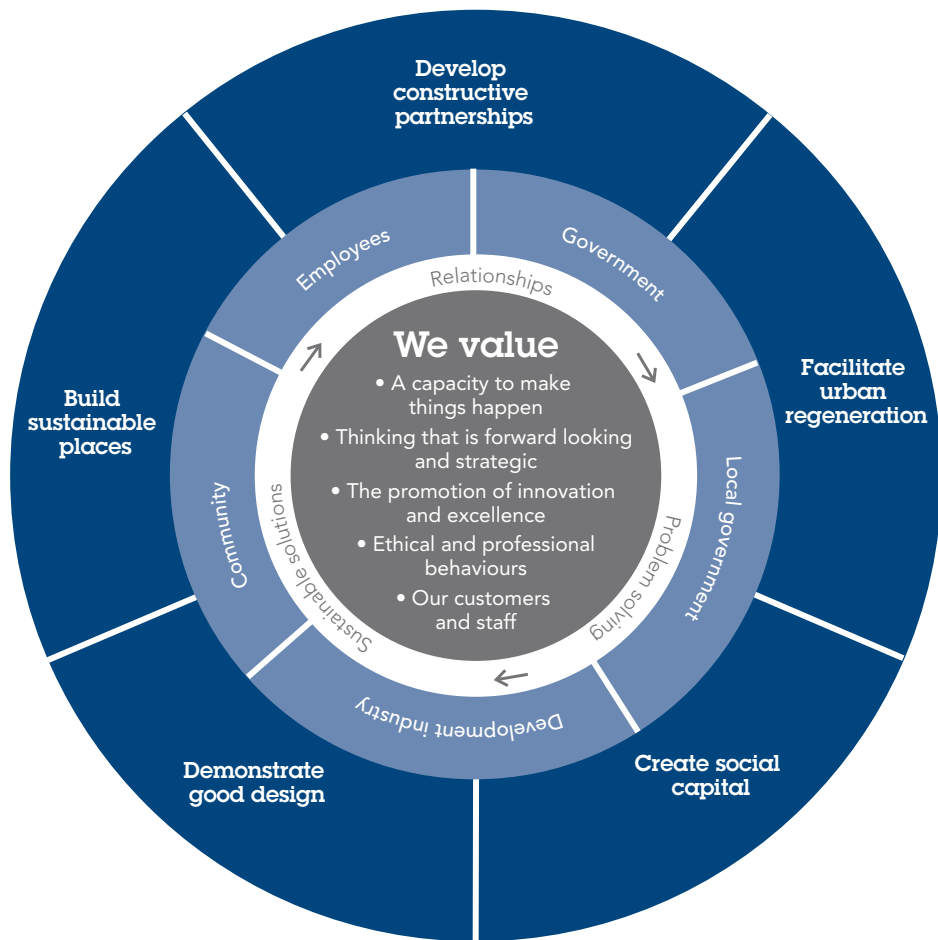
We meet these objectives in numerous ways. We use government-owned land when it is available, enlist and coordinate the support of state agencies, work closely with local government and partner with industry to direct private sector investment into our projects. Most importantly, we operate on a commercial basis as a profitable enterprise, while guided by sound environmental, social and risk management principles.

Our stakeholders



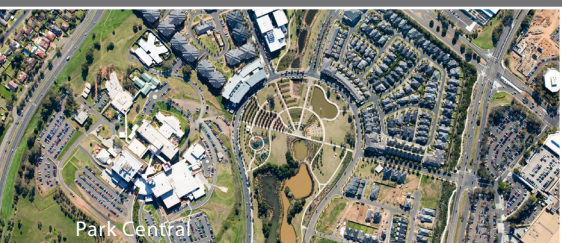
Our Principal Stakeholders	Their interest in Landcom and our activities
Shareholder Ministers and Portfolio Minister	Landcom has two Shareholder Ministers and a Portfolio Minister. The Shareholder Ministers approve Landcom's Annual Statement of Corporate Intent and the Portfolio Minister provides an annual statement of priorities for the Corporation. Each of these documents guides Landcom's actions in the short and medium term.
NSW Parliament	The legislation under which we operate requires that Landcom's Annual Report and its Sustainability Report are tabled in Parliament each year for the information of the Parliament. The reports are tabled in both the Upper and Lower Houses.
Property development industry	Landcom partners with developers and builders in the delivery of our projects, making us an important source of development opportunities for the industry. We share our knowledge and experience with them to help improve the nature of development in New South Wales, particularly in relation to sustainability. We are also able to represent the industry's views if we are invited to comment on emerging policy initiatives.
Government agencies	Government agencies are principally regulators of our activities. However, surplus Government land forms the nucleus of some of our projects and we are also providing property advice and services to some Government agencies to assist them in managing their land.
Infrastructure/utility providers	We are often able to assist them in the roll out of planned infrastructure to developing areas by undertaking capital works on their behalf. They are also regulators of our activities.
Local councils	Councils are primarily regulators of our activities but in some instances their land is also involved in some of our developments. Local councils are also the recipients of the public assets we provide in our developments such as parks, bushland reserves, community buildings and roads.
Peak industry groups	We share our knowledge and experience with them, as a means to improving development outcomes in New South Wales. We also support industry forums, discussions and awards that emphasise sustainability and excellence in development.
Existing communities	We consult widely with existing communities in the process of planning and delivering our projects. Their input is considered when setting the strategic direction for these projects and we often refer back to these communities at various stages throughout the delivery of our projects.
New residents	These people invest in the new developments we have created. We support the development of social capital amongst new residents by rolling out programs and community building initiatives in our projects. We sometimes continue funding these programs after we have concluded our development program.

Our approach



● Our values ○ How we operate ● Our stakeholders ● The impact of our activities

Awards 2008/2009 Achievements



Park Central



The New Rouse Hill



Landcom Guidelines

Two Landcom projects were singled out by industry peers for particular distinction.

Our Prince Henry at Little Bay project not only received the Masterplanned Residential Lifestyle Award conferred by the NSW chapter of the Urban Development Institute of Australia (UDIA), it also won the NSW State President's Award for best development. This entitled the project to be considered in the National Awards. It subsequently topped the same category in these awards. As well, it was considered by the UDIA's National President to be the 'best of the best' across the country for 2008.

Urban Development Institute Awards for Excellence

The Urban Development Institute of Australia's National Awards for Excellence celebrate Australia's contemporary knowledge, skills and innovation in the urban development industry. The awards recognise outstanding achievements of high quality developments that contribute to the industry, government and community.

Prince Henry at Little Bay	President's Award Winner Masterplanned Residential Lifestyle Award
Rouse Hill Town Centre	Winner Sustainability Award Commendation High Density Housing
Macarthur Gardens	Winner Professional Consultancy Award (Lean and Hayward)
Dooonside	Winner Concept Design Award
Greenway Views	Commendation Residential Development
Park Central	Highly Commended Masterplanned Mixed Use Development

In addition, the NSW branch of the Property Council of Australia short-listed both the Rouse Hill Town Centre and Prince Henry projects for particular attention. This made them eligible for consideration for the organisation's National Excellence Awards. Both projects won in their category in these awards. Rouse Hill went on to be judged overall best development in the nation for the year.

While industry recognition of these projects represented the pinnacle of our achievements in 2008/2009, we were successful in a number of other areas. The complete list of awards received during the reporting period is as follows:

Australian Property Institute Excellence in Property Awards

The Australian Property Institute is the leading association for practitioners engaged in all facets of the property industry including valuation, funds management, asset management, development, finance, investment, law and consultancy.

Rouse Hill Town Centre	Winner Property Development Category
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Property Council of Australia Awards

The Property Council of Australia/Rider Levett Bucknall Innovation and Excellence Awards showcase outstanding examples of development projects that have resulted in building better communities.

Rouse Hill Town Centre	Winner Pitney Bowes Insight Award for Shopping Centre Developments Overall Winner Rider Levett Bucknall Innovation and Excellence Award ("best of the best").
Prince Henry	Winner Masterplanned Communities Award



Park Central



Rouse Hill Town Centre



Sanctuary

Banksia Award

Over the past 21 years, the Banksia Awards have recognised the pursuit and practice of environmental excellence.

Rouse Hill Town Centre	Winner People's Choice Award
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Australian Institute of Architects

Rouse Hill Town Centre	Winner Lloyd Rees Award for Urban Design (NSW Chapter) Winner Walter Burley Griffin Award for Urban Design (National)
Prince Henry	Premier's Award

Australia Award for Urban Design

The Australia Award for Urban Design recognises high quality urban design and acknowledges the critical role of good urban design in the development of our cities and towns. The award is hosted by the Planning Institute of Australia, with support from the Australian Institute of Architects, Property Council of Australia, Green Building Council of Australia, Association of Consulting Engineers Australia and the Urban Design Forum.

Landcom Guidelines	Commendation
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Planning Institute of Australia Awards for Planning Excellence

These awards recognise outstanding contribution to urban planning practice.

Landcom Welcome Program	Winner Social and Community Based Planning Award
Landcom Guidelines	Commendation Urban Planning Achievement Award

2009 Australasian Reporting Awards

The Australasian Reporting Awards is a not-for-profit organisation that was established to encourage effective communication of financial and business information.

Landcom Annual Report	Bronze Winner General Award and Sustainability Reporting
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The Lower Hunter Urban Design Awards acknowledge urban design projects that demonstrate outstanding planning, design, and environmental management.

Sanctuary	Winner Landscaping Award
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Parks and Leisure Australia 2008 State Awards

These awards acknowledge excellence in management, innovation, contribution and achievement in the industry. The Planning Award recognises organisations or projects which have demonstrated the highest standard of parks and leisure planning undertaken over the past four years.

Landcom Open Space Guidelines	Winner Planning Award
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Randwick City Council 2008 Urban Design Awards

These awards acknowledge architects and designers involved in enhancing Randwick City's built environment.

Prince Henry at Little Bay	Winner Heritage and Sustainability Award
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How we measure our performance



The New Rouse Hill



Victoria Park



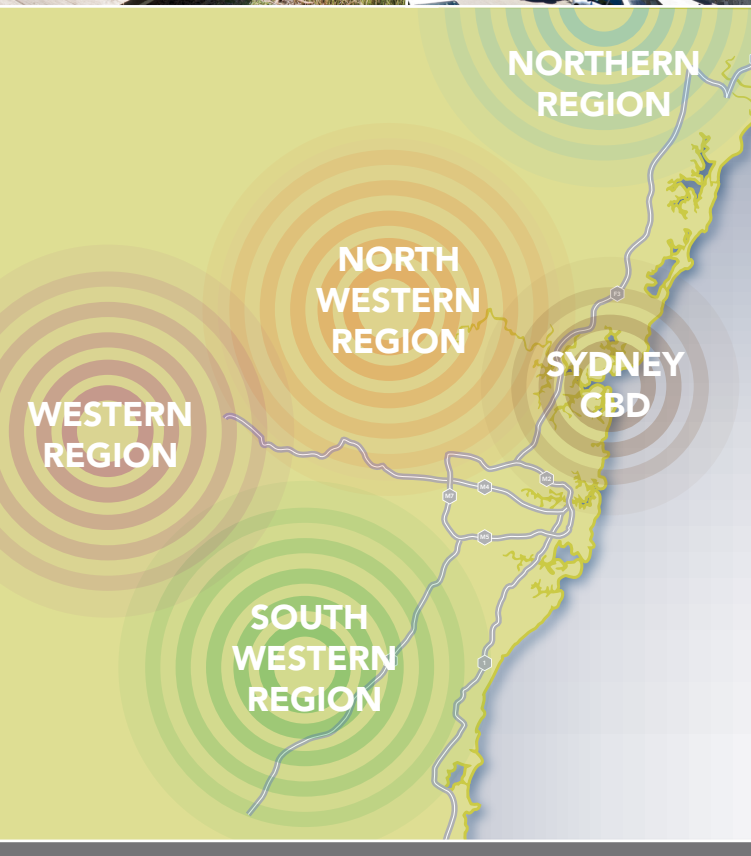
Park Central

We consider ourselves successful if we:

- have played a key role in delivering 'metropolitan outcome' projects on behalf of Government;
- are financially self sustainable, with robust and prudent financial ratios;
- demonstrate industry leadership in financial, environmental and social sustainability;
- enjoy mutually beneficial relationships with our stakeholders;
- are an employer of choice.

2009 Financial Achievements

- Achieved total revenue of \$277 million from our business activities and operations
- Achieved earnings before interest and tax (EBIT) of \$51.6 million
- Returned \$58.2 million to the NSW Government in dividends and tax equivalent payments
- Delivered 1,719 dwelling equivalents to the market during the year
- Generated 6,462 jobs and \$507 million in economic output from our development activities



Our operations

Landcom operates within the Greater Sydney Metropolitan Area and in the Hunter, the Illawarra and the Southern Highlands. Our projects are mostly residential but we are also involved in a range of retail, commercial, industrial and mixed-use developments.

Landcom's projects demonstrate policy objectives and generate funds to support other Government services. Much of our business is focused on 'proof of concept' projects, which would normally have not occurred without our direct intervention and which act as models for future developments.

In line with Government priorities for Sydney's future, our projects are becoming larger and more complex. This reflects a shift in our focus towards a higher proportion of urban renewal projects, particularly transit-oriented developments.

At the same time, Landcom is still involved in greenfield residential development in circumstances where our participation either supports Sydney's growth sectors or provides the foundation for future development within high-growth areas.

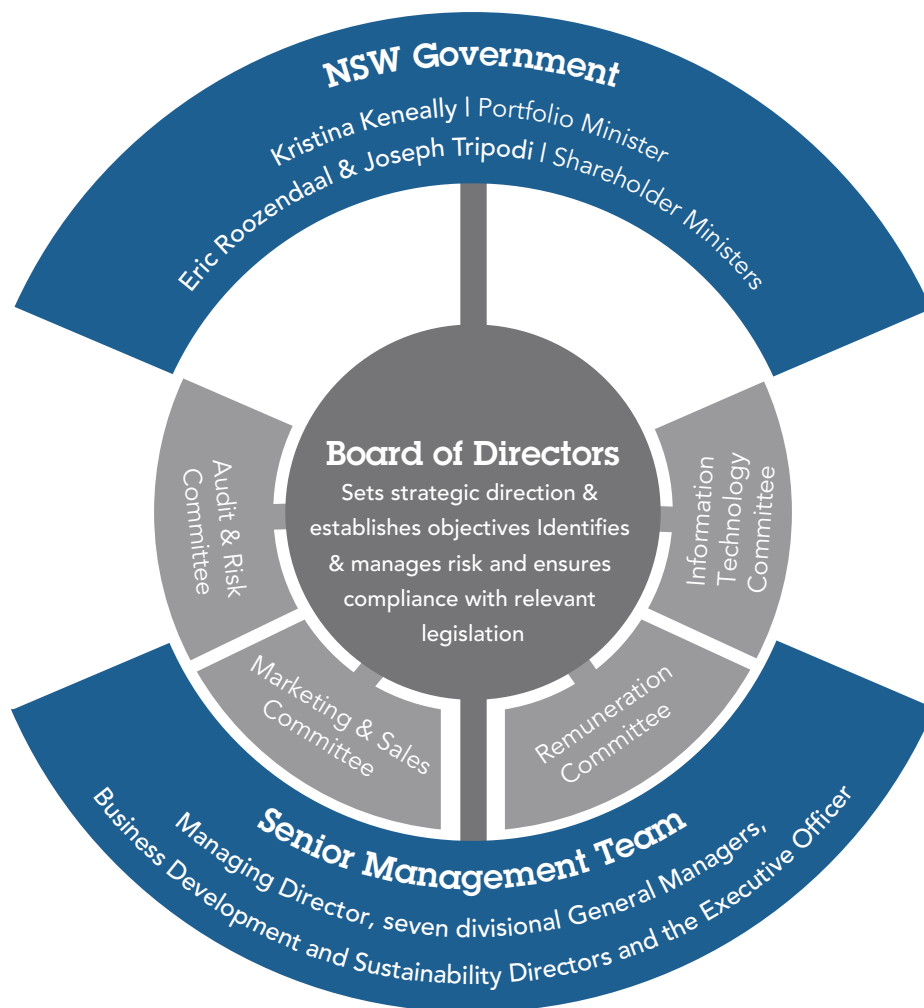
Governance structure

As a State-owned corporation, we operate under the Landcom Corporation Act 2001. Our objectives under this act are to:

- Achieve business success by operating efficiently and maximising the net worth of the State's investment.
- Demonstrate social responsibility by having regard to the interests of the community in which we operate.
- Protect the environment by conducting our operations in compliance with the principles of ecologically sustainable development contained in

section 6 (2) of the Protection of the Environment Administration Act 1991

- Exhibit a sense of responsibility towards regional development and decentralisation.
- Undertake strategic or complex urban development projects.
- Assist the Government in achieving its urban management objectives.
- Act as a responsible developer of residential, commercial and industrial land.



Board of Directors



Neil Bird AM

B Arch, Grad Dip Mgt, FRAIA, FAICD, FPIA

Deputy Chairman

Neil Bird has had substantial experience in the development industry, including senior executive positions in companies such as the Delfin Property Group and Pioneer Housing Group. He has served a term as National President of the Urban Development Institute of Australia.

Neil is a Director of the Hunter Development Corporation and was made a Member of the Order of Australia in 2000 for services to urban development.

Robyn Clubb

B Econ, CA, ASIA, MAICD

Robyn Clubb's experience is in the financial services industry and includes corporate advisory, corporate lending, retail superannuation, retail funds management and involvement in international ventures.

Robyn has worked at a senior management level in New Zealand, China and the United Kingdom.

Kim Cull

Dip Law, MAICD, FCIS

Kim Cull is the University Secretary and Legal Counsel to the University of New England. She has extensive public sector experience as a Senior Executive in the NSW Premier's Department, Department of Planning and Legal Aid Commission of NSW.

A former president of the Law Society of NSW (2002), Kim has been in private

practice as a solicitor, partner and consultant in regional and Sydney firms. She currently chairs an Advisory Board to the Department of Commerce

Madeline Dermatossian

Dip Law, MAICD, FCIS

Company Secretary

Madeline Dermatossian holds the position of General Counsel and Company Secretary for FuturePlus Financial Services and Chifley Financial Services.

Madeline's experience includes corporate legal positions at Perpetual, BT Financial Group and ABN Amro Bank.

She holds a Diploma in Law, is a member of the Law Society of New South Wales, the Australian Institute of Company Directors and the Australian Compliance Institute. She is a Fellow of Chartered Secretaries of Australia.

Madeline is also a Director of the Wayside Chapel.

William Kirkby-Jones AM

Dip CD, FAICD, FAIM, FAMI

Chairman

William Kirkby-Jones secured his experience in the building and development industry as founding Managing Director of the Defence Housing Authority and, earlier, as Managing Director of the Housing Industry Association. He currently holds a number of non-executive directorships.

In 1992, William was made a Member of the Order of Australia for outstanding service to the housing industry.

Sean O'Toole

Dip T&CP, Dip Env Studies, GAICD, FRAPI, Assoc API

Managing Director

Sean O'Toole has been the Chief Executive of Landcom since 1996. Before joining Landcom, he held senior positions in urban planning at state and local government levels.

He is a member of the Australian Property Institute, an associate of the Australian Institute of Company Directors and has qualifications in real estate valuation, town planning and environmental management.

Sean is also a Director of the Asthma Foundation New South Wales.

Gae Raby

B Econ

Gae Raby is an economist with extensive experience in developing major government policy initiatives at federal and state levels. She has held executive positions responsible for the financing and delivery of major inter-government programs.

Gae's experience spans the health, housing, transport, planning and community services sectors. She has a particular interest in, and advises on, corporate strategy and the machinery of government. She project-managed the corporatisation of a state government entity and has presented a number of papers on corporate governance matters.

Executive team



Michael Burt

BE, MIEAust, CPEng, MBA

General Manager Development South

Michael manages Landcom's urban development projects in Sydney's southwest, the Illawarra and a project at Renwick in the southern highlands.

He has 30 years experience spread across the construction industry, local government and property development.

Margaret Ennis

B Acc, ACA, MAICD

General Manager Finance and IT

Margaret manages the provision of Finance, IT and Business Services across Landcom and ensures that appropriate financial and commercial infrastructure is in place for its operations and projects.

Margaret has had over 25 years experience at board and executive level working in several industries including high technology, engineering, mining, services and construction. She has worked in business growth, restructuring, business recovery, mergers and acquisitions and divestments.

Stuart McCowan

MBA, HDip Eng

General Manager Urban Renewal

Stuart manages Landcom's urban renewal projects across New South Wales.

Stuart has more than 30 years experience in the development industry, including construction, infrastructure provision, planning and urban

development in government and the private sector.

Mick Owens

B Surv, MIS

General Manager Development Oran Park and Infrastructure

Mick leads an urban development team responsible for delivering a significant Landcom project at Oran Park in southwest Sydney.

He also has particular responsibility for managing projects and stakeholder relationships that are of strategic importance to Sydney's future growth.

Mick has more than 20 years experience in the property development industry. His accountabilities include the fostering of innovation, sustainability and higher quality development, particularly in major growth centres.

Kerry Robinson

BTP (Hons), Ass Dip Val, MPIA, GAICD

General Manager Development North

Kerry manages Landcom's urban development projects in Sydney's north and west, as well as the Central Coast, the Hunter and Mid-North Coast.

He has more than 25 years' experience in the property industry, having worked in local government, private consultancy and a range of private sector development organisations.

Greg South

B Econ, ASA

General Manager Corporate

Greg oversees new business opportunities and the provision of finance and corporate services across Landcom. He has responsibility within Landcom to help deliver the government's nation-building and economic stimulus package.

Greg's background and experience, working with some of Australia's leading construction companies adds a critical element to the management team.

Robert Sullivan

Dip Tech Mktg, Mmgt

General Manager Corporate Marketing

Robert directs and leads Landcom's sales, promotions and corporate marketing activities including media and public relations, brand management and sponsorship.

He has over 20 years experience in sales and marketing, including head-of-marketing roles in the gaming, entertainment, television, club and sports industries.

Span of operations



Note: this map is for illustrative purposes only.

Renewing urban areas



Minto Renewal Project

Where: Ben Lomond Road, Minto

Council: Campbelltown

Area: 84 ha

What's proposed: Approximately 1,150 dwellings 800 lots for private sale by Landcom and 350 lots for retention by Housing NSW, a reconfigured road and footpath network, six public reserves and a multi-use community facility.

Our role: Landcom is partnering with Housing NSW and Campbelltown City Council to redevelop an existing public housing estate at Minto. We negotiated the development management agreement and site masterplan are providing the funding and are managing what will become a model for redeveloping public housing estates.

Where it's up to: Delivery phase. The concept plan was approved and rezoning gazetted in 2006, Stage 1 construction was completed in September 2008 and construction of Stage 2 was completed in April 2009.

Stage 3 construction commenced in July 2009 and is due for completion in early 2010.

Features: The redevelopment will revitalise and transform the former estate's poor physical and social environment and will help address the issues that have troubled this estate in the past.



Victoria Park

Where: Joynton Avenue, Zetland

Council: City of Sydney

Area: 25.2 ha

What's proposed: Approximately 2,500 dwellings, 80,000 sqm of commercial area, 20,000 sqm of retail area, open space and community facilities.

Our role: Landcom was the original masterplanner and master developer of Victoria Park. The delivery of built form on individual super lots is being undertaken by the private sector in accordance with council requirements.

Where it's up to: Well into the delivery phase. Over 1,200 apartments have already been delivered, along with key infrastructure, small retail, community facilities and open space.

Features: This award-winning project is one of Landcom's most ambitious undertakings and was the catalyst for the massive redevelopment in and around Green Square. It has been designed to accommodate a rapidly changing housing market and caters for a wide range of housing types. The cutting-edge design and environmental features developed for Victoria Park are now being rolled out across Landcom projects.



Prince Henry

Where: Anzac Parade, Little Bay

Council: Randwick

Area: 85 ha

What's proposed: Redevelopment of the former Prince Henry Hospital site, featuring 900 dwellings, restoration of 19 heritage buildings, conservation of 4.2 ha of eastern suburbs banksia scrub, on-site community facilities and open space.

Our role: Landcom has masterplanned the estate, with the delivery of built form on individual super lots undertaken by the private sector according to our detailed requirements.

Where it's up to: Delivery phase. Remediation, infrastructure and civil site works are complete. A large number of community uses are now housed on the site. All homesites have been sold and agreements have been negotiated with Stockland, Sunland and St Lukes/Brookfield Multiplex to deliver the medium density and aged care dwellings. Around 25% of dwellings have been completed. A Reserve Trust has been established to manage the land and building assets which remain in public ownership.

Features: This development is significant for its sensitive environmental, social and heritage issues and its coastal location. Our solution for redevelopment has recognised and addressed these, but at the same time has realised the site's potential value. The development will provide 900 homes in a diverse range of dwelling types, including aged care. It incorporates an impressive array of social and environmental sustainability initiatives, as well as returning 80% of the site to the public as open space. This includes the golf course that runs along the coast.

Developing major centres



Macarthur Regional Centre

Where: Surrounding Macarthur Railway Station, Campbelltown

Council: Campbelltown

Area: 148 ha

What's proposed: Up to 2,400 dwellings, public open space (including Marsden Regional Park), the rehabilitation of Birunji Creek riparian corridors, aged care, medical and commercial facilities.

Our role: We are coordinating three separate projects to capitalise on access to transport, shopping and community facilities around the Campbelltown/Macarthur Regional Centre.

Where it's up to: The Park Central development is in the delivery phase and well advanced. Delivery of the Macarthur Gardens project has begun under a partnering arrangement with Stockland. The University of Western Sydney Campbelltown project, a proposed partnering arrangement between Landcom and the University of Western Sydney, is in the planning phase.

Features: These projects help implement the Macarthur Regional Strategy, set new standards in housing diversity and are a practical demonstration of the government's preferred model for future development across the growth centre.



Green Square Town Centre

Where: Above and adjacent to the Green Square Railway Station, Zetland

Council: City of Sydney

Area: 14 ha

What's proposed: 410,000 sqm of mixed-use gross floor area comprising around 2,500 dwellings and 120,000 sqm of commercial and retail area to be built around a series of major public plazas and associated community facilities.

Our role: Landcom resolved the complex planning of the site and infrastructure constraints to unlock the potential of the Town Centre. It is one of Australia's largest and most transforming urban renewal projects.

Where it's up to: We have consolidated government lands, secured private sector investment interest and intend to start construction in 2010.

Features: Green Square Town Centre is identified as a 'planned major centre' in the Metropolitan Strategy and is strategically located at the heart one of the largest redevelopment areas in the country. The development will showcase world-class urban renewal, underpinned by sustainable environmental, social and economic outcomes. It is expected to accommodate 5,500 residents and 7,000 workers, and provide \$1.7 billion of direct investment in New South Wales.



The New Rouse Hill

Where: Windsor Road, Rouse Hill

Council: Baulkham Hills

Area: 122 ha

What's proposed: Up to 1,800 dwellings, 200,000 sqm of retail and commercial area, community and recreation facilities, and 32 ha of public open space including 27 ha of riparian corridor conservation area.

Our role: Landcom, in a partnership with the Department of Planning, Lend Lease and the GPT Group, is managing the project and has developed its delivery framework.

Where it's up to: Delivery phase. Stage 1 of the Rouse Hill Town Centre, comprising 73,000 sqm of mixed retail, commercial, recreational, civic and residential floor space, was opened on 6 March 2008 by Minister Frank Sartor. The 'Learn2' facility, which provides a gateway to a variety of learning and education opportunities, has also opened in the Town Centre.

Features: This \$1.5-billion regional centre will eventually serve a regional population the size of Canberra. Landcom adopted the 'main street' model as the basis for the \$470-million Town Centre which is being developed over 12 years to cater for the future demands of Sydney's northwest. Despite its size, the project has a significantly smaller ecological footprint than other similar sized centres.



Oran Park Town

Where: The Northern Road, Oran Park

Council: Camden

Area: 230 ha (approximately)

What's proposed: Over 2,000 dwellings, commercial town centre, retirement village, public open space, riparian conservation corridors, community and leisure facilities and schools.

Our role: Landcom is partnering with Greenfields Development Corporation to develop the largest landholding within the southwest growth centre. Our role is to deliver the first 2,000 lots in the larger, 8,000 lot Oran Park precinct.

Where it's up to: Planning phase. The first residential lots will be available in early 2010.

Features: This project represents a unique opportunity for Landcom to work with the Growth Centres Commission to coordinate the major infrastructure required for the southwest growth centre. It enables us to set the benchmark on diversity of housing, dwelling density, urban design, infrastructure and town centre delivery for the development that will follow.

Supplying housing



Greenway Views

Where: Carmichael Drive, West Hoxton
Council: Liverpool
Area: 20 ha

What's proposed: A mix of housing types (280 dwellings in total) controlled by urban design guidelines, a high school, riparian corridor rehabilitation, a pocket park, an upgrade of local playing fields and a cycleway along the adjoining Western Sydney Parklands.

Our role: The estate is being developed in a partnering arrangement with Australand. It provides an important and immediate source of greenfield

land and housing supply pending further releases in the southwest growth centre.

Where it's up to: Final delivery phase. The last lots are scheduled for release in stages up to June 2010. The first were released in 2005 and the high school opened in February 2006.

Features: The development adjoins the Western Sydney Parklands and features fully rehabilitated riparian corridors and abundant cycleways. Solar power cells have been incorporated on selected dwellings as a trial. A child care centre opened in 2007 and 14 moderate income dwellings are to be provided.



Mt Annan/Spring Farm

Where: Mount Annan
Council: Camden
Area: 190 ha

What's proposed: 2,150 dwellings, public open space, neighbourhood centre and community facilities.

Our role: Landcom owns the Mount Annan and adjacent Spring Farm sites. They provide an important supply of greenfield land and housing in the southwest. We are currently developing Mount Annan, with Spring Farm planned for future delivery.

Where it's up to: We have been active in this area over the past decade. Construction at Mount Annan is continuing along with land and housing sales. We are currently constructing services and infrastructure at Spring Farm in preparation for lot production.

Features: The site comprises a lake and wetland system, walking trails, bike paths, conservation of threatened species and the integration of diverse housing around the neighbourhood centre.



The Ponds

Where: The Ponds Boulevard, The Ponds
Council: Blacktown
Area: 330 ha

What's proposed: 3,200 dwellings, around 80 ha of open space including 40 ha of riparian and biodiversity corridors.

Our role: Landcom is acting as masterplanner and developer. Part of the project is being developed in a partnering arrangement with Australand. It provides a crucial supply of housing pending the development of land in the northwest growth centre.

Where it's up to: Delivery phase. Civil works for services, infrastructure and the public domain are currently underway. Bushland conservation and regeneration works are being undertaken by Greening Australia.

Features: The development features open space that includes conservation and riparian corridors. Financial and other incentives have been developed to encourage residents to support energy efficiency initiatives, including solar power.



Edmondson Park

Where: Camden Valley Way, Hume Highway and Zouch Road, Edmondson Park
Council: Liverpool
Area: Entire release area – 795 ha, of which Landcom owns 100 ha

What's proposed: A major release area in the southwest growth centre, with potential for 7,500 dwellings, a town centre comprising 25,000 sqm of retail and commercial area, community facilities, schools and 150 ha of regional open space (including 116 ha of endangered Cumberland Plain Woodland). Landcom's landholdings will deliver approximately 800 dwellings.

Our role: The release area is highly fragmented and Landcom has facilitated early precinct and infrastructure planning. Detailed planning of the northwest precinct, with the potential for 450 lots including 165 on Landcom land, began in 2008/2009.

The construction of the first 165 lots will provide a catalyst to allow the surrounding owners to proceed with development from 2010.

Where it's up to: Planning phase. The local environmental plan supporting the rezoning of the entire release area was gazetted in March 2006. Construction on Stage 1 of the 165 lot development commenced in September 2009. This will include a collector road with direct access to Camden Valley Way opposite Horningsea Park Drive. The first lots are scheduled for release early in 2010.

Features: A regional park that encircles the town centre, extensive riparian corridors, a bus/rail interchange located in the heart of the centre, good access to the nearby M5 and M7 motorways and a bus transit-way.



Menangle Park

Where: Menangle Road, Menangle Park

Council: Campbelltown

Area: 300 ha

What's proposed: Up to 2,200 dwellings.

Our role: Landcom, a major land owner in the area, is working with Campbelltown City Council and state agencies to resolve outstanding planning and environmental constraints before rezoning.

Where it's up to: Planning phase. Landcom and Campbelltown City Council are undertaking a number of detailed planning studies to determine the future footprint for any urban development.

Features: Menangle Park will provide an important source of greenfield land supply in Sydney's southwest.



Newbury

Where: Old Windsor Road, Stanhope Gardens

Council: Blacktown

Area: 157 ha

What's proposed: 1,750 dwellings, district shopping centre, leisure and community facilities, open space and two schools.

Our role: Landcom's original masterplan and detailed design guidelines ensured that prominence was given to solar orientation and energy efficient house design. These principles are now being delivered throughout the estate by Mirvac in a partnering arrangement with Landcom.

Where it's up to: Nearing completion, with housing sales almost complete. Most major community facilities have been delivered.

Features: This project sets a new benchmark in urban design. It features a range of housing products, a district shopping centre and aquatic centre. It also represents an important supply of greenfield land and housing, pending the planning and development of land releases in the northwest growth centre.



Sanctuary

Where: Minmi Road, Fletcher

Council: Newcastle

Area: 123 ha

What's proposed: 720 residential lots and nine medium-density sites with retail and a regional playing field.

Our role: Landcom has masterplanned Sanctuary as a residential community sensitive to the surrounding environment, including Hexham Swamp Lands.

Where it's up to: The project is to be delivered in 10 stages. Stage 1, delivering 72 lots, was completed in December 2007. A home display village and purpose-built sales suite was completed in March 2008.

Features: The development is providing an important supply of greenfield land and housing – including moderate income housing – in the Hunter Region. It incorporates water sensitive urban design features, gas-boosted solar water heating, bushfire requirements and indigenous heritage reserves.



Parkbridge

Where: Mclver Avenue, Middleton Grange

Council: Liverpool

Area: 40 ha

What's proposed: Approximately 700 dwellings, public open space and riparian corridor rehabilitation.

Our role: Landcom is delivering this estate in partnership with Mirvac. We have used the project to ensure planning and environmental outcomes that benefit other developments in the locality – such as the delivery of the bulk infrastructure, including recycled water, to the entire Southern Hoxton Park release area.

Where it's up to: Delivery phase. Stage 1, comprising 153 lots complete, Stage 2, comprising 111 lots, underway, a display village, parkland and a community facility, is complete. Sales began in March 2009. Lots and houses will be sold over the next two to four years.

Features: The estate is a community title development incorporating private recreational facilities in addition to two council parks. With a diverse mix of housing types to cater for various family sizes and lifecycles, it is linked to nearby Greenway Views by a Landcom-sponsored cycleway through the adjoining Western Sydney Regional Parklands.



Bungarribee

Where: Doonside Road, Doonside

Council: Blacktown

Area: Bungarribee Parkland: 300 ha
Doonside: 88 ha

What's proposed: Bungarribee will be the main community recreation hub for active and passive recreation in the northern part of the Western Sydney Parklands. The Doonside residential development will be a neighbourhood adjacent to Bungarribee.

Our role: Landcom is project managing the concept approval and rezoning for the parklands and residential development on behalf of the Department of Planning.

Where it's up to: A concept application is currently being assessed by the State Government.

Features: Proceeds from the Doonside development will ultimately be used for development of the Regional Park.



Riverstone Scheduled Lands

Where: Windsor Road, Riverstone

Council: Blacktown

Area: 300 ha

What's proposed: Around 2,500 dwellings, environmental conservation area, associated community and other facilities.

Our role: This area was subdivided into small landholdings in the 1880s and comprises nearly 3,600 lots with an estimated 550 landowners. Most lots have limited rural services and no dwelling entitlement.

Earlier attempts to consolidate the area to allow urban development to proceed were unsuccessful. Landcom is acting as a facilitator, introducing an innovative model to facilitate orderly development

Where it's up to: Landcom has produced a unique development model that addresses the problem of fragmented land ownership. We are currently working with landowners and major stakeholders, seeking support for the model.

Features: If this model is successful it can be applied in other areas in which land ownership is fragmented

Managing complex government assets



Renwick

Where: Bong Bong Road, Mittagong

Council: Wingecarribee

Area: 116 ha

What's proposed: To turn this former child welfare facility into an estate with 600 dwellings, a village centre including retail, child care and community facilities, 30 ha of open space incorporating parks, local woodland and an extensive riparian corridor.

Our role: Landcom is managing the planning and development of the site in a partnering arrangement with the site owner, the NSW Department of Community Services.

Where it's up to: Delivery phase, with construction of the first stage beginning in mid 2009.

Features: Renwick will feature a range of social and environmental sustainability initiatives that respect and reinterpret the unique highlands character. The development aims to promote a healthy lifestyle, with the site masterplan incorporating the Heart Foundation's 'Healthy By Design' guidelines.



Royal Newcastle Hospital

Where: Shortland Esplanade, Newcastle

Council: Newcastle

Area: 1.28 ha

What's proposed: Redevelopment of the Royal Newcastle Hospital site comprising up to 450 dwellings and 3,000 sqm of commercial space.

Our role: Using principles of good design and environmental sustainability and working with the Department of Health, we have masterplanned a landmark residential project that establishes new benchmarks for Newcastle.

Where it's up to: Following a competitive bid process, Mirvac was selected by Landcom and the Department of Health to deliver the project. Construction is well underway. Nearly 50% of the apartments available have been sold off the plan.

Features: Landcom's masterplanning work has created a new vision for Newcastle's future, with an inspiring transformation of the city's former hospital into apartments and associated commercial/retail uses. At the same time, the project respects the site's heritage significance and sensitive beachfront location.



Potts Hill

Where: Land situated between Rookwood, Brunker and Cooper Roads, Potts Hill

Council: Bankstown

Area: 116 ha

What's proposed: A new 25 ha residential development including three new parks and a 15 ha business park providing 800-900 jobs.

Our role: Landcom is partnering with Sydney Water to identify, rezone and develop surplus lands currently owned by Sydney Water.

Where it's up to: The surplus land has been rezoned and the Minister for Planning has approved the concept plan. Construction of civil works and the new field headquarters for Sydney Water in the eastern precinct began in late 2008. Further detailed planning is underway for the western residential precinct.

Features: The project is providing additional jobs and housing to local communities. It will assist government agencies to relocate and supplement their existing activities. The proposed development respects the significant vegetation, heritage items and water infrastructure on parts of the site.

The impacts of our activities

What we achieved during the year



Developing constructive partnerships

Landcom recognises that the best way to deliver complex and difficult projects is by developing constructive partnerships with other government agencies, local councils and the private sector.

The signing of a new project delivery agreement for Oran Park in June 2008 allowed us to begin physical works on the site during the year. Two agreements were signed with the [Growth Centres Commission](#) for the construction of Oran Park Drive. These gave the green light to the start of road construction, with the project receiving credits valued at \$21.7 million. In another boost for the project, Sydney Water agreed to fund the development's sewer start-up works for \$9.3 million.

The close working relationship forged with [Housing NSW](#) at our Minto project, where Landcom entered into a successful project partnership with the department and [Campbelltown Council](#), delivered benefits during the year. A formal agreement signed in October established the parameters for a closer working relationship between the two organisations on a range of future projects. Landcom is currently working with the department to find sites for social housing in metropolitan areas as part of the first tranche of the Government's nation-building stimulus package.

To help develop our Sustainability Assessment Tool PRECINX™, the [Department of Environment and Climate Change](#) contributed much-needed funding to the project. PRECINX™ is a mathematical planning and design tool that evaluates the sustainability of a neighbourhood or large urban development project. It comprises six interdependent modules including: onsite energy, embodied CO₂, water, transport, housing diversity and stormwater. Landcom will launch the tool to the development industry and other stakeholders in November 2009.

Landcom was also approached by the [Department of Ageing, Disability and Home Care \(DADHC\)](#), who sought our help and advice on building group homes for people with disabilities.

We assisted [DADHC](#) by establishing a builder panel and taking responsibility for the delivery of 26 homes. Construction of the first of these, at Abbotsford in Sydney's inner west, began on 30 June. This relationship is expected to have long-term implications for the way Landcom works with other Government agencies in the future.

We continued to work closely with a number of councils, assisting with a range of initiatives, including policy development. Of particular note was the agreement signed with [Blacktown Council](#) to guide our mutual interests in the future development of the Riverstone Scheduled Lands.

Two of Landcom's three nominated projects received funding under the [Commonwealth's Housing Affordability Fund](#). Our Edmondson Park (Camden Valley Way) project received \$1.5 million and our Renwick project \$6 million. This is a significant achievement and represents nearly 50% of the funding allocated to New South Wales in the first round offers.

Landcom played host to [government land-owning agencies](#) nationwide at the inaugural meeting of the National Social Sustainability Forum, which will provide an ongoing opportunity to promote roundtable discussion on social sustainability and community development issues.

A constructive partnership resulting in an outstanding sustainability initiative was the Macarthur Resource Recovery Park, jointly funded by Landcom and [WSN Environmental Solutions](#). The Park, officially opened in July 2008, is Australia's first large-scale fully integrated municipal resource recovery centre, processing household waste and garden organics from 100,000 households in Camden, Campbelltown, Wollondilly and Wingecarribee Council areas. The impact of waste disposal operations has been an ongoing issue for Landcom and southwest Sydney residents. The Park aims to increase household recycling rates from 50% to 85% when fully operational.

Visual pollution in parts of the city's southwest is being addressed following an agreement between Landcom, [Integral Energy](#) and the [Mount Annan Botanic Garden Trust](#), which will see overhead power lines relocated from Spring Farm and the Mount Annan Botanic Gardens to Menangle Park. Ultimately, this will allow Integral Energy to rationalise and then bury transmission lines underground.

Impacts story continued

Facilitating urban regeneration

The scale and complexity of our projects have grown dramatically and our focus has shifted towards a higher proportion of urban renewal projects, in line with Government priorities for Sydney's future development.

One Minto Estate

The first residents moved into the Estate this year, representing a major milestone in the transformation of a poor physical and social environment into a modern and safe community. The 120-hectare, seven-year development worth over \$85 million will provide 1,150 affordable private and public housing homes in Sydney's southwest, as well as \$10 million worth of community facilities. These will include six new parks with barbecues and play equipment, a \$2 million community centre, upgraded childcare facilities and landscaped streets and footpaths. One Minto is a first for New South Wales, integrating private and public housing into a single development using the very best in urban design in a partnership between Landcom, Housing NSW, Campbelltown City Council and the local community. As part of the project, the NSW Government has invested \$500,000 on a five-year education scheme so Minto residents can access training and employment programs.

Prince Henry

The last remaining detached home sites were sold at the Prince Henry project and in January, Randwick Council agreed to the handover of public roads, parks and the beach area. Landcom's masterplan has transformed this former hospital site into new residential and community precinct that balances abundant green corridors and open space, ecological wetlands, extensive new plantings and bushland regeneration with modern architecture and heritage buildings.

Green Square Town Centre

We selected a partner to work with Landcom to deliver the first phase of Green Square's \$1.7 billion town centre this year representing the culmination of nearly three years of work. We also completed the demolition of the old Waterloo incinerator at the heart of the future town centre with minimal impact on local business and residents. This marked the end of the first stage of site preparation works. Construction of the six-hectare town centre will begin in 2010. The centre will incorporate a mix of residential, retail and commercial development and public open space comparable in scale to Martin Place. It will provide over 2,500 homes and offices for 7,000 workers and create \$3.2 billion worth of investment and 4,000 additional jobs.

Potts Hill

Landcom secured concept plan approval for the \$278 million redevelopment of the Potts Hill Reservoirs site. Approved by Planning Minister Kristina Keneally in May this year, this is a major investment in Western Sydney that will boost employment, provide jobs close to home and increase housing supply. About 40 hectares of the site, which is surplus to Sydney Water's needs, will be redeveloped. Under the approved concept plan, 25 hectares will be developed for residential purposes. A further 15.7 hectares will be developed as a business park to provide long-term employment for 800 to 900 people, while construction of the project will create around 150 jobs. The remaining four hectares of the site will be taken up by three separate areas of public open space. In addition, the plan will deliver more local infrastructure such as pedestrian paths, cycle paths and intersection improvements and will take into account local environmental and heritage issues.

Sydney Water will retain 79 hectares needed for the Potts Hill Reservoir and is building a \$45 million state-of-the-art field office within the new business park. Landcom is relocating NSW Police Operations from Zetland to the new business precinct at Potts Hill to unlock the Zetland site for the development of the Green Square Town Centre.

A further 250 construction jobs will be created when work starts on this project early next year.



Prince Henry at Little Bay

Impacts story continued



The new Aboriginal Health College at Prince Henry

Creating social capital

Social capital is an intangible asset that is very difficult to quantify. However, Landcom sought to put in place the building blocks for its creation and measurement some six years ago.

Promoting Aboriginal health and medical research

In February this year, the new Aboriginal Health College, an \$8.5-million state-of-the-art learning facility, was unveiled at Landcom's Prince Henry development at Little Bay in Sydney's east. Landcom worked collaboratively with the Department of Commerce and the Government Architect's Office, Merrima Aboriginal Design Unit, the Aboriginal Health and Medical Research Council of NSW and the Institute of Eye Research to create a modern health college that will deliver an enduring social and community benefit.

The college will train around 200 health workers every year, most of whom will come from rural and remote NSW townships. They will develop essential and specialist skills ranging from general health to eye and ear care. Landcom believes the facility will enable health professionals to be at the forefront of medical advancement when working in their local communities.

The college's opening was another high point for Landcom's far-sighted Prince Henry project. Where facilities for seven onsite community groups have been thoughtfully integrated with new housing. Other community facilities opened during the year on this prime coastal land were:

- The project's community centre
- Flowers Ward 3
- Hills Theatre

The heritage-listed Flowers Ward and theatre were handed over to the Coast Centre for Seniors, a recreation and activity centre for people over 55 who are no longer in full-time employment. The community centre is now managed by Randwick City Council, whose General Manager wrote to Landcom praising the centre and crediting us for our role in the project.

Walking School Bus

During the year Landcom provided logistical and financial support to help the local council roll out a series of Walking School Bus initiatives across three schools in Baulkham Hills, with the opportunity to extend the program to a further five. This initiative follows the award-winning and highly popular pilot program introduced at Parklea Public School in 2007. Landcom is applying what we have learned to develop resources and training programs which encourage the development of "green transport plans" for schools across northwest and southwest Sydney. As well as the walking school bus, these will include a range of other sustainable transport alternatives.

YouthBUILD

Landcom has reported previously on our successful collaboration with the Housing Industry of Australia's (HIA) YouthBUILD initiative at One Minto. Under this program, students from the local high school undertake work experience with project builders for three to five hours each week, working at our Minto display village and gaining exposure to a variety of trades. This not only helps them make decisions about future TAFE training but provides valuable on-the-job learning as well. In September we formally launched the display village, marking the conclusion of this valuable initiative. Building on this success, we have begun exploring other opportunities with the HIA, investigating ways to extend the program to include student participation in the construction of new private and public homes elsewhere on the One Minto Estate. We are also looking at options to extend the YouthBUILD initiative to the construction of the proposed Minto Community Centre.



Walking School Bus

Impacts story continued

Demonstrating good design

Our role is increasingly to facilitate development by the private sector and demonstrate the social and environmental dividends of high-quality, sustainable design.

The Landcom Guidelines

Creating well-designed, sustainable neighbourhoods that work well and feel good depends on putting all the pieces together in the right way and at the right time. To this end, during the year we launched the Landcom Guidelines. These provide design advice on built form, universal housing, streets, street trees, open space, public art and community centres.

The Guidelines were launched by the Minister for Planning at the Sustainability and Policy Conference in July. The theme of the conference was "Making Great Places – Putting the Pieces Together". This highly successful event was attended by 250 local and State Government representatives, development partners and industry consultants.

Following this success, we decided to roll out a program of regional seminars to further promote the Guidelines. The first, at the Casula Powerhouse, was organised specifically for our stakeholders from Sydney's southwest, and included presentations on each of the seven guidelines by the design and planning consultants who helped us prepare them.

This was followed with regional seminars at Newcastle, the Rouse Hill Town Centre (for northwest Sydney), and a seminar for our central Sydney stakeholders at the new Prince Henry Community Centre. The seminar series attracted around 300 delegates, mostly from local government. Feedback from participants was universally positive.

A further indicator of our success was the number of visits to Landcom's website during the year. For example, visits to the Guidelines section of Landcom's website totalled around 1,300, with a marked increase recorded from the start of the seminar series.

Water Sensitive Urban Design

Landcom first introduced strategies for water sensitive urban design (WSUD) in 1999 at Victoria Park, then one of our most strategic urban redevelopments. Following their success we formulated a WSUD policy, mandated that all projects incorporate a WSUD strategy into the early design process and produced a set of guidelines in the form of three booklets. Ten years on, we have gained considerable knowledge and experience from monitoring our projects and applying WSUD to urban renewal and greenfield sites.

During the year we updated the guidelines – and the popular series of booklets that promote them – to incorporate the changes in technology that have occurred, and to take into account the new water quality targets we have set as part of our sustainability indicator review.

We also took the opportunity to include a fourth booklet on maintenance issues to address concerns raised by local

government about the long-term costs involved in using new technologies. The guidelines were reviewed and updated in collaboration with local government and included a DVD to be used as an educational tool for elected representatives and the general public.

The guidelines were launched at an international WSUD conference held in Perth in May and have generated wide interest across New South Wales and interstate.

Public Art

We received an international request by Public Art South West to include our Public Art Guidelines on its website. Public Art South West is a globally recognised public art development agency for the southwest region of the United Kingdom and is viewed internationally as a resource for the best and most innovative practice in public art. Its website receives over a million page views per year.

Disabled Access

Acting on a complaint about the lack of disabled access to display homes, we found that many of our own sales offices were not user friendly for visitors with disabilities. As a result, we carried out an independent audit of all sales offices and, wherever possible, undertook to retrofit them with disabled access. We also changed our contractual arrangements with display home builders to ensure display homes are fully compliant in future.

Rouse Hill

Landcom continued to lead site tours of the Rouse Hill regional centre, believing the best way to encourage good design is to let our projects do the talking.

Awards

Landcom's approach to high quality, sustainable design was vindicated during the year when we won two of the industry's most prestigious awards for our developments as well as a range of other design awards, details of which can be found on Page 8 and 9 of this report.



The iconic public art piece, 'Float', at The Ponds

Impacts story continued



Park Central at dusk

Building sustainable places

Landcom has evolved from landowner and developer to problem solver of strategic and complex projects.

Oran Park

This project is enabling us to set the benchmark for sustainable development for Sydney's southwest growth centre. The project incorporates diversity of housing, dwelling density, good urban design and the delivery of both a town centre and infrastructure for subsequent development that will follow.

The year was a busy one for Landcom at Oran Park, with our main focus being on integrated planning for the upfront and early delivery of facilities, since this is the key ingredient in building sustainable communities. During the year, we:

- Negotiated approval for a development control plan to guide the future development of the Oran Park town centre, which is based on a pedestrian-friendly main street model and allows for the integration of a range of social and environmentally sustainable design features;
- Entered into an agreement with AngliCare for the sale of a Seniors Living site, which provides an important opportunity for older residents to remain in the area by delivering a range of aged care facilities including 200 independent units as well as services for assisted living;
- Secured approval for the bulk earthworks to support the early development of the first school in Oran Park along with the Seniors Living site;
- Secured approval for a 43-lot display village, including a sales office which features space to accommodate a range of community uses and activities, all of which will be available when the first residents move in;

- Laid the foundation for universal access to electronic communications across the estate, which is a critical component in the future development of sustainable communities such as Oran Park. During the year, we commenced laying the optical fibre that will eventually deliver telecommunications to all homes in the Estate at speeds of up to 1 gigabyte per second.

Park Central

Park Central is nearing completion and exemplifies sustainable development, featuring excellent urban planning, water sensitive urban design, a mix of commercial and private dwellings and the amenities and infrastructure that allow for the building of strong communities.

Greenway Park

Construction began in June on improvements to Lake Francis in this estate in West Hoxton in Sydney's southwest. It will include an increase in the lake's size, an extension of the existing cycle and path networks, larger habitat for local fauna and improved public access to the area.

Impacts story continued

Advancing best practice

Landcom has long been recognised as an industry leader in sustainability. The feature on Page 27 of this report details the path we have taken and the work that has been done this year to set new sustainability indicators and targets to ensure they continue to challenge us and drive innovation in our projects and teams in the years ahead. While this represented our major achievement this year in advancing best practice, we were involved in a range of other initiatives.

Sustainability Guide A sustainability guide was developed for The Ponds at Kellyville Ridge during the year. The guide is an educational tool that uses a local bird "Bluey the Kingfisher" to highlight the estate's environmental features. It demonstrates how households can reduce energy, water consumption and waste generation, includes information on local community and sporting facilities and encourages residents to get active and involved in their community. The guide is being distributed through The Ponds' welcome program.

Landcom's carbon footprint Landcom undertook investigations to identify and better understand the "carbon footprint" arising from our office operations during the year. These investigations provided advice on our energy consumption and actions for us to reduce it.

Carbon Pollution Reduction Scheme We completed a study to assess the impact on Landcom's projects from the implementation of the Carbon Pollution Reduction Scheme, including that proposed by Ross Garnaut. The study undertaken in December 2008 suggested negligible impacts on our developments and costs through to 2020. However as the scheme has since been amended, we will need to review our study based on the most recent iteration of the scheme, to ensure our results are both current and accurate.

Energy usage In August we changed our electricity supply contract to allow us to buy 100% green energy for our office operations. The result: we not only reduced our carbon footprint but saved around 30% on our annual electricity costs. August also saw the launch of a trial car-share system, with Landcom engaging a company that provides vehicles for hire on a "pay-for-use" basis. The car-share fleet comprises mainly small, fuel efficient vehicles. The purpose of the trial was to test whether such a scheme would be effective as an extension of Landcom's conventional vehicle fleet. The trial was successful and the car share system is now available to staff on a permanent basis.

Paper usage While paper use increased since the beginning of 2009 (largely due to an increase in our sales and marketing activities), our consumption overall has reduced during the financial year by 4% or 143 reams reduction in paper usage, when compared with last year.

Understanding asthma in the home During the year we worked with the Asthma Foundation to produce an Asthma in the Home booklet. The booklet provides information on common asthma triggers in homes and how to avoid them or reduce their impact. They will be distributed in the future through our welcome programs.

Annual reporting Landcom's 2008 Annual Report was awarded Bronze in the Australasian Reporting Awards' sustainable reporting category. Also on the reporting front, our nomination to participate in the real estate and construction industry sector supplement of the Global Reporting Initiative was formally accepted in July 2008.

What we aim to achieve in 2009/2010

In addition to our normal business activities:

- Landcom will continue to help promote business confidence and generate employment in New South Wales through all our projects. In particular, we will focus on providing a significant lead for business investment in Sydney's southwest through our Oran Park project. We plan to use the lessons we learn at Green Square to stimulate greater economic investment within the CBD-to-airport redevelopment corridor.
- We will review all our projects, ensuring we are ready for a future market upturn.
- We will continue to help deliver the challenging targets set for New South Wales by the Commonwealth as part of the current Nation Building – Economic Stimulus package, in particular by working closely with the Department of Housing in relation to social housing initiatives.
- We will develop closer relationships with the Department of Planning on initiatives that are of mutual benefit to both organisations. One such example is to ensure that the Housing Code is sufficiently dynamic to allow potential for diverse and moderate income housing products.
- We will explore opportunities for new business streams that can sustain the corporation through difficult economic times.
- We will finalise, test, demonstrate and launch our groundbreaking PRECINX™ initiative.
- We will demonstrate initiatives that contribute to greater housing affordability for both purchasers and renters.

Our biggest challenges

and how we should tackle them

Like any business, Landcom faces challenges that if left unresolved could potentially impact on our future performance. The best way to meet these challenges is, as always, to acknowledge, and develop strategies to manage them.

As we continue our drive to be a leader in sustainability, we acknowledge the plateauing of some sustainability results in the past year and our ongoing struggle to achieve other targets in areas such as moderate income housing. While this can be explained partly by prevailing economic conditions and in part by the fact that we are reporting on a higher proportion of "legacy" projects this year, it nevertheless serves as a reminder that we cannot become complacent. Our new sustainability indicator targets have been set as a specific – but realistic – challenge for Landcom. And our ability to rise to the challenge is a story that will unfold and be recorded in successive annual reports over the next five years.

A more immediate priority is to maintain our sustainability and design initiatives at a time of financial uncertainty. In this environment there has been some resistance to the investment in time and capital required to effect our ongoing sustainability improvements. In some partnered projects, we have experienced some resistance establishing social sustainability programs because of the upfront costs. In others, partners have had difficulty raising finance for development programs because of a tightening in lending criteria.

Fortunately, situations like this are the exception rather than the rule, but depending on the speed of the economic recovery, we may well face similar cases in the short to medium term.

The regulatory environment in which we operate has been fast-moving in recent years, and the pace of change shows no sign of abating. Shifts in performance standards are difficult to manage in projects which, from inception to conclusion, can be in production for five to ten years. As well, the need to address issues associated with climate change may also change performance standards or affect the economic fundamentals of some projects in the future.

All of this can potentially have an adverse impact on the affordability of new housing. Landcom recognises it will need to work carefully with its development partners to ensure these shifts do not affect project outcomes.

We have also found that while our involvement in ventures such as New South Wales' response to the Commonwealth's nation-building initiatives and the construction of group homes for the Department of Ageing, Disability and Home Care are a positive reflection of our usefulness to Government, they do compete with our day-to-day business activities for time and resources. We will need to manage these activities carefully to ensure we don't neglect our core business.

Finally, our continued push into urban renewal projects presents challenges on a number of fronts. These are complex projects which take more to pull together and which often need significant upfront investment in site rehabilitation and capital works to ensure they go ahead. These costs, together with the uncertainty caused by the global financial crisis, have contributed to the difficulties we've experienced in converting recent urban renewal opportunities into commercially viable projects. Our focus in the next 12 months will be to find ways to unlock the potential of these projects and bring them to the market.

Our urban renewal business is fundamentally a business that is concerned with changing established urban areas. Because established communities adjoin all our urban renewal sites, they are invariably affected by our developments. Our social due-diligence work and the innovative design of our projects can help us to manage the potential adverse impacts. Nevertheless, our urban renewal proposals – and those of other developers – are nearly always challenged by local communities. In some cases, this opposition has the potential to stop projects progressing.

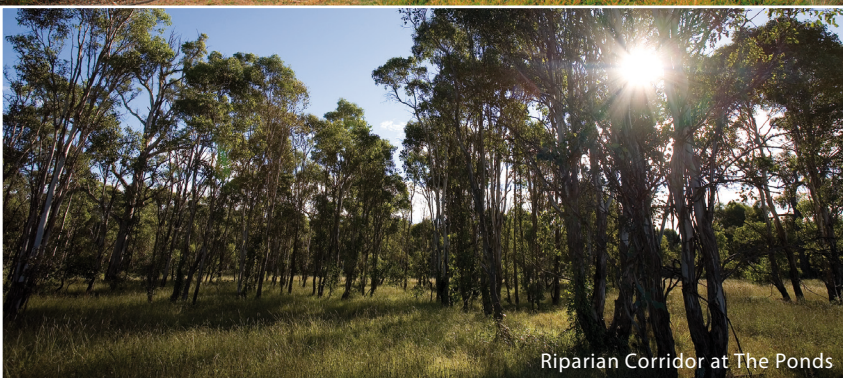
We have been successful in some projects, such as at Prince Henry, in gaining community support for our proposals from initial positions of opposition, however, our experiences show that we need to become more astute in communicating to existing residents the benefits of well planned and implemented urban renewal projects. Our failure to do so may inhibit our ability to implement the Government's urban management objectives and, ultimately, impact on our intrinsic value to Government.

Raising the bar

to a more sustainable future



Cambelltown Private Hospital at Park Central



Riparian Corridor at The Ponds



Macarthur Gardens

Introduction

As a Government-owned developer, Landcom must maintain a leadership role by driving sustainability performance across our operations. We are acknowledged not only for the way in which we set sustainability targets in our projects but also for the way we report on our achievements and impacts. Our approach has been adopted and adapted by others in the building, construction and development industries.

We also know that in a changing world we cannot be complacent so we have reviewed our indicators and targets to ensure they continue to challenge us and drive innovation in our projects and teams for the years ahead.

Reflecting on our achievements

Last year, an initial internal review of the sustainability indicators established in 2002 suggested that, generally, they were reporting against Landcom's key material non-financial issues effectively. Nevertheless, some did not fairly or accurately describe the extent of our efforts and performance in specific areas.

Many included targets with a time horizon of 2008. Some, like stakeholder consultation, had achieved the desired results and now form part of every masterplanning process that Landcom manages. Others introduced 'stretch targets', many of which have either been achieved or have become redundant, since legislation has been introduced which mandates performance at the level prescribed by the indicator. As well, process or technology advances meant it was time to review opportunities to raise the bar on Landcom's sustainability performance.

Reviewing the indicators

We recognised that if Landcom was to maintain its position as a sustainability leader, the indicators would have to be revised to ensure they remained relevant to our business practices, continued to respond to stakeholders' concerns and took account of new challenges and opportunities.

In February 2008, the Landcom Board approved a review of the indicators. The initial review process included:

- Obtaining and reviewing stakeholder feedback on our reporting.
- Conducting literature and peer reviews to identify material issues for the development and construction industry sector and examine best practice reporting in other jurisdictions.
- Revisiting Landcom's regulatory requirements in light of the current operating environment.
- Surveying the executive and senior management teams on Landcom's material issues. This data was tested in workshops with a cross-section of staff to see if the issues were valid across the organisation, and to identify additional issues.

There was an extensive list of material issues identified from this process, which was prioritised into six key areas as follows:

- Maintaining and retaining Landcom's relevance and flexibility
- Balancing stakeholder expectations
- Ensuring the fundamental value and quality of our products and services
- Protecting and enhancing the natural environment
- Strengthening the social environment in which we operate
- Driving sustainability in the supply chain

The relevance of each material issue to our major stakeholders was then assessed. We defined our major stakeholders as State and local government, the development industry, our employees and the community. With minor exceptions, the majority of these issues had at least some relevance to each of the identified stakeholder groups.

Next we reviewed the existing sustainability indicators against these material issues, identifying those that were no longer useful descriptors and those that were still relevant.

With the help of relevant experts and the benefit of ongoing and targeted stakeholder consultation, a revised suite of indicators was proposed. This modified or updated some indicators, removed those that were redundant, introduced new ones that better measured Landcom's business activities in the current operating environment and established new 2015 target horizons for 'stretch' targets.

In cases where we have achieved 100% compliance in consecutive years, we removed indicators or data items and embedded them in our independently accredited Environmental Management System (EMS). This will ensure the issues can be monitored across projects and will open them up to compliance auditing as part of the EMS management process.

Landcom's Board will ultimately have oversight of this process. We believe this will promote a comparable level of openness and accountability to that provided by our current sustainability reporting arrangements.

As with the original indicators, we recognised that new or revised indicators:

- Had to relate strongly to our core business and contribute to the State Government's goals and priorities.
- Had to be meaningful to, and easily understood by, major stakeholders, particularly those who have a role in data collection and compilation.
- Must be within our control and/or influence, allowing us to demonstrate our performance over time.
- Must, where relevant, aid the setting of targets and enable reporting from data that is accurate and readily available.

We ensured the overall reporting process remained relatively simple without compromising its quality or value. We also ensured that the new indicators would not result in excessive compliance costs for Landcom or our partners.



Prince Henry at Little Bay

Raising the bar continued

Feedback

We placed the revised suite of sustainability indicators and targets on public exhibition during the year. Together with an explanatory paper and consultation questionnaire, they were placed on the Landcom website for 30 days in May.

We also organised presentations for staff and the Landcom Project Review Panel. Plus we ran newspaper advertisements and two more workshops with key Landcom stakeholders – developer and builder partners, contractors, project managers, NGOs, industry groups and key government representatives.

All feedback was compiled along with comments from submissions from the public. Issues raised were reviewed and opportunities for changes identified. Generally stakeholders were supportive of the revised indicators though in some cases it was felt the proposed targets were reflecting current industry practice rather than best practice and leadership. Many of the new proposed targets commented on by stakeholders related to the environmental targets – particularly energy, water and waste. Suggested amendments to our indicators were considered in light of the likely cost to implement, potential improvements in design, and technology innovation likely through to 2015.

Other proposed changes related to the contract compliance indicators. This is because recent changes to our contracts – which required contractor partners to undertake occupational health and safety and environmental auditing themselves rather than be subject to a Landcom audit – mean that a new set of performance monitoring measures was required.

Throughout the feedback process, it became clear that a number of issues raised via public submissions could not be captured through the sustainability reporting framework at this stage and many were considered to be outside Landcom's core material issues.

Revised indicators – the way forward

A total of 20 modifications were made to the revised indicators and targets as a result of the public exhibition and stakeholder consultation process.

The new indicators were finalised and adopted by the Minister for implementation in the 2009/10 reporting year.

We have introduced no new indicator groups beyond the existing environmental, social, economic and governance indicators. No amendments were made to our economic indicators, nor were our social, environmental and governance indicators significantly altered.

While we expect some targets will challenge Landcom and our partners, the way we henceforth collect data for our sustainability reporting will be similar to existing processes. For that reason we do not expect there will be a greater reporting compliance burden on partners and contractors.

All new projects and project agreements will be subject to the new indicators and targets. The six-year performance time horizon to 2015 is expected to be relatively easily achievable for some indicators, while for others it will be much more challenging.

Unless otherwise agreed, legacy projects will continue to deliver against the sustainability targets under which their respective agreements were established, and achievements here will continue to be reported.

While sustainability reporting is still in its infancy in the development sector, this year will be our eighth consecutive in which we report on our sustainability performance and the seventh in which we report against a specific suite of indicators and targets. As of next year we will be reporting against our second generation of indicators. In the section of this report that contains our performance data we have included commentary on the changes – if any – made to each indicator.

We believe our revised sustainability indicators will provide a robust description of our business and its sustainability impacts, now and into the foreseeable future.



Sustainability report

Introduction

Landcom's Sustainability Report presents our performance over the 2008/2009 financial year against sustainability indicators and targets. Sustainability indicators are grouped under the broad headings of environment, social, economic and governance. As a revised suite of sustainability indicators will be used to compile our 2009/2010 Sustainability Report, and each year thereafter, a brief summary of the changes to each indicator and an explanation supporting the changes is also presented this year.

While our sustainability indicators have undergone significant review, the four principles that guide our activities and underpin our targets remain unchanged¹. According to these principles we must: deliver a sustainable quality of life; conserve resources; minimise our impact on biodiversity; and minimise pollution.

Also unchanged is the way we integrate sustainability into our business. Sustainability criteria and targets remain firmly established in our business plans, in staff performance agreements, and in developers' and builders' tender requirements and contracts. They are also included in the pre-qualification and ongoing performance management of our civil works and landscape contractors and project managers².

Six-year performance summary results and analysis

Report scope

Landcom's control and influence varies according to the type of project in which it is involved, how it is delivered and the nature of the end product. Accordingly, for reporting purposes we categorise our projects into 'Land' and 'Built Form' projects, as follows:

- **Land:** For these projects, we subdivide the land and sell it directly to the public. We have either no further control or else limited influence on the housing or buildings erected on this land. However, we can exert some influence on design and sustainability initiatives through design guidelines, incentives such as landscape rebates and grant-funded solar photovoltaic programs, or through the development approval process.
- **Built form:** For these projects, we subdivide land and remain involved in some way throughout part or all of the building process. We exercise control over the built form either through joint ventures, project delivery agreements or other builder partnering arrangements. In this way, Landcom is able to exercise additional control to promote sustainability and urban design objectives.

All of our 'project-related' sustainability indicators have been specifically tailored to be relevant to the types of projects referred to above. This means that not all indicators are relevant to all our projects and some are designed to measure our performance in our own internal operations.

The collection of sustainability data is based on the milestone each project has reached. Therefore, while 27 projects are in planning and/or production phase, this year's report covers only 22, being those which achieved a specific reporting 'milestone' in the 2008/2009 year. These milestones are defined in the following table, along with those indicators which are reported.

¹ See www.landcom.nsw.gov.au and the 'Raising the bar to a more sustainable future' section in this report.

² See www.landcom.com.au/sustainability-policy

Sustainability report continued

Project based indicator reporting milestones

Milestone	What was achieved	Indicators reported*
Milestone 1 (M1)	Completion of concept plan, development control plans or masterplan	<ul style="list-style-type: none"> • Stakeholder consultation • Biodiversity • Heritage
Milestone 2 (M2)	Completion of civil works	<ul style="list-style-type: none"> • Urban water cycle management • Waterway protection and water quality • Waste from civil contracts • Influencing design • Moderate income housing • Community facilities • Consumer education on sustainable living • Regulatory compliance
Milestone 3 (M3)	Completion of built form where Landcom is partnering with a builder or other developer	<ul style="list-style-type: none"> • Water conservation • Waste from builders • Energy efficiency and sustainable or renewable energy • Moderate income housing • Consumer education on sustainable living • Regulatory compliance
Milestone 4 (M4)	Completed projects where we still have relevant programs in place	<ul style="list-style-type: none"> • Welcome Program

*All remaining indicators are Corporate indicators which are reported annually.

Projects reported in 2008/2009

The table below presents the projects that are included in the 2008/2009 report.

Project	Local Government Area	Suburb	Reporting stage and milestone	Landcom's product	Total number of lots / dwellings planned	Number of lots / dwellings reported (delivered in 2008/2009)
Bungarribee	Blacktown	Doonside	M1	Land & built form	750 lots	Whole site
Discovery Point	Rockdale	Arncliffe	M2 delivery	Land & built form	1,247 dwellings	223 dwellings
Garden Gates	Camden	Mount Annan	M2, M3 & M4 delivery	Land	735 lots	80 lots
Greenway Views	Liverpool	West Hoxton	M4 delivery	Land & built form	320 lots	Whole site
Guardian Grove	Baulkham Hills	Kellyville	M4 delivery	Land	73 lots	Whole site
Jacaranda Rise	Blacktown	Parklea	M4 delivery	Land	99 lots	Whole site
Koala Bay	Port Stephens	Tanilba Bay	M2 delivery	Land	290 lots	38 lots
Macarthur Gardens	Campbelltown	Campbelltown	M3 & M4 delivery	Built form	898 lots	22 dwellings
Minto	Campbelltown	Minto	M2 & M3 delivery	Land & built form	1,150 lots	89 lots
Newbury	Blacktown	Stanhope Gardens	M3 & M4 delivery	Land & built form	1,730 lots	91 dwellings
Park Central	Campbelltown	Campbelltown	M2, M3 & M4 delivery	Built form	405 lots	20 dwellings, 66 lots
Parkbridge	Liverpool	Middleton Grange	M2 & M3 delivery	Land & built form	700 lots	56 dwellings
Potts Hill	Bankstown	Potts Hill	M1	Land & built form	292 lots	Whole site
Prince Henry	Randwick	Little Bay	M3 delivery	Land & built form	850 lots	Whole site
Redgum	Penrith	St Marys	M3 & M4 delivery	Built form	41 lots	12 dwellings
The New Rouse Hill	Baulkham Hills	Rouse Hill	M2, M3 & M4 delivery	Land & built form	1,650 lots	7 dwellings
Royal Newcastle Hospital	Newcastle	Newcastle	M2 delivery	Land & built form	277 units	Whole site
The Ponds Stage 1	Blacktown	The Ponds	M2 & M4 delivery	Land	1,299 lots	162 lots
The Ponds Stage 2	Blacktown	The Ponds	M2 & M4 delivery	Land	835 lots	101 lots
Vantage	Port Stephens	Nelson Bay	M2 delivery	Land	275 lots	50 lots
Waterford	Bankstown	Bankstown	M3 delivery	Built form	119 lots	15 dwellings
Woodlands	Shellharbour	Flinders	M4 delivery	Land	997	Whole site

Six-Year Performance Summary

Indicator and description			Target	2009	2008	2007	2006	2005	2004
Environmental Care									
WATER	Urban Water Cycle Management	• Project with specific WSUD strategies	100%	89%	100%	77%	80%	47%	58%
	Water Conservation	• Reduction in water consumption (average BASIX score)	40%	46%	49%	43%	37%	43%	31%
	Water Quality	• Reduction in mean load of total nitrogen	45%	45%	45%	47%	35%	21%	19%
		• Reduction in mean load of total phosphorus	45%	56%	62%	60%	46%	38%	33%
		• Reduction in mean load of total suspended solids	80%	80%	83%	78%	56%	48%	45%
		• Ramsar Wetlands or other significant or listed water bodies potentially affected by Landcom's operations	No target	1	1	0	0	No data	No data
	Waterway Protection	• Projects where post development storm discharge equals predevelopment storm levels for the 1.5 year ARI	100%	100%	100%	77%	80%	67%	58%
WASTE	Reuse and Recycling of Construction and Demolition Materials	• From civil works contracts (Note 1)	95% 2006	99%	100%	99%	98%	92%	96%
		• From building construction projects	76% 2014	No data	No data	No data	No data	No data	No data
	Purchase and Recycling of Office Materials	• Paper purchased with recycled content (measured in reams of 500 sheets)	85% of paper purchased contains recycled content	A4 - 2,910 reams A3 - 148 reams	A4 - 3,105 reams A3 - 96 reams	A4 - 3,077 reams A3 - 81 reams	A4 - 2,300 reams A3 - 116 reams	No data	No data
		• Paper recycled	No target	7.9 tonnes	4.1 tonnes	4.4 tonnes	13.0 tonnes	No data	No data
		• Bottle and cans recycled	No target	0.4 tonnes	0.4 tonnes	0.2 tonnes	No data	No data	No data
		• Computers and monitors reused or recycled	No target	23 monitors sent to landfill	20 CPU & 38 monitors reused 11 monitors sent to landfill	No data	No data	No data	No data
		• Documents printed with recycled paper specified	No target	100%	75%	No data	No data	No data	No data
ENERGY	Energy efficiency	• Reduction in greenhouse gas emissions	40%	17%	20%	16%	15%	16%	10%
		• Dwellings that achieve 4.5 star NatHERS	100%	91%	74%	76%	58%	47%	35%
		• All commercial buildings to achieve 4.5 star or greater under the ABGR	100%	NA	1 out of 1 (100%)	NA	NA	NA	NA
	Sustainable or Renewable Energy Supply	• Dwellings to be fitted with gas boosted solar hot water system	100%	37% (Note 2) (85 out of 227)	47% (224 out of 477)	18% (29 out of 160)	32% (53 out of 167)	36% (91 out of 251)	44% (99 of 226)

Six-Year performance summary continued

Indicator and description			Target	2009	2008	2007	2006	2005	2004
		• Projects of 500 dwellings or more that have component of renewable energy supply, onsite or offsite	100%	NA (Note 3)	NA (Note 3)	100% (1 out of 1 Projects)	NA (Note 3)	100%	NA
	Corporate Energy Use (Note 4)	• Total GHG emissions from office energy use and car fleet	No target	508 tCO ₂ e	476 tCO ₂ e	490 tCO ₂ e	572 tCO ₂ e	No data	No data
		• Electricity used (Total)	No target	434,408 kWh	405,795 kWh	410,559 kWh	484,925 kWh	No data	No data
		• GHG generated from electricity consumption	No target	465 tCO ₂ e	434 tCO ₂ e	439 tCO ₂ e	519 tCO ₂ e	No data	No data
		• Percentage of Total	No target	92%	91%	90%	90%	No data	No data
		• Petrol used by Car Fleet (Total)	No target	17.3 kL	16.7 kL	20.4 kL	21.5 kL	No data	No data
		• GHG generated through vehicle fleet	No target	43 tCO ₂ e	42 tCO ₂ e	51 tCO ₂ e	53 tCO ₂ e	No data	No data
		• Percentage of Total	No target	8%	9%	10%	10%	No data	No data
		• GHG generated per employee	No target	3.6 tCO ₂ e per person	3.4 tCO ₂ e per person	3.5 tCO ₂ e per person	4.1 tCO ₂ e per person	No data	No data
		• Accredited GreenPower purchase (excluding sales offices)	No target	100%	100%	100%	89%	0%	0%
	Landcom Car Fleet emission reduction strategies	• Emissions offsetting – Greenfleet	No target	162 trees planted to sequester 43.3 tCO ₂ e	152 trees planted to sequester 40.7 tCO ₂ e	177 trees to sequester 47.3 tCO ₂ e	187 trees planted to sequester 47.3 tCO ₂ e	No data	No data
		• Fleet environmental Performance Scores	12 out of 20	13.32	13.27	13.23	12.09	No data	No data
BIODIVERSITY	Native Vegetation Management	• Loss of highly significant endangered ecological communities	No loss	2.8 ha cleared 10.1 ha conserved	Nil Cleared, 4.7 ha conserved	Nil cleared, Nil conserved	29.4 ha cleared, 119.1 conserved	14.0 ha cleared, 30.9 ha conserved	0.4 ha cleared, 9.0 ha conserved
		• Loss of moderately significant endangered ecological communities	No target	1.9 ha cleared 3.8 ha conserved	5.7 ha cleared Nil conserved	5.6 ha cleared Nil conserved	59.1 ha cleared, 16.4 ha conserved	3.1 ha cleared, 7.5 ha conserved	8.0 ha cleared, 2.3 ha conserved
		• Loss of endangered ecological communities with low significance	No target	1.7 ha cleared 2.8 ha conserved	13.9 ha cleared, 13.8 ha conserved	Nil cleared, Nil Conserved	65.4 ha cleared, 18.6 ha conserved	33.5 ha cleared, 14.6 ha conserved	11.9 ha cleared, 6.6 ha conserved
		• Area of endangered ecological communities replanted	No target	17.4 ha	10.3 ha	Nil replanted	29.1 ha	63.3 ha	9.5 ha
		• Areas to be zoned for environmental conservation	No target	8.0 ha	8.8 ha	0 ha	116.1 ha	24.5 ha	14 ha
		• Projects where endangered ecological communities/ threatened species have appropriate vegetation management plan	100%	100%	100%	NA	100%	100%	70%

Six-Year performance summary continued

Indicator and description			Target	2009	2008	2007	2006	2005	2004
		<ul style="list-style-type: none">Loss of native vegetation as potential habitat for threatened species (Note 5)	No target	14.1 ha cleared, 16.7 ha conserved	19.6 ha cleared, 18.1 ha conserved	Nil cleared, Nil conserved	201.1 ha cleared, 179.5 ha conserved	47.9 ha cleared, 52.3 ha conserved	16.4 ha cleared, 10.9 ha conserved
	Riparian Corridor Management	<ul style="list-style-type: none">Loss of riparian corridors for Category 1 - high significance streams	No loss	No Category 1 recorded	0%	NA	NA	0%	NA
		<ul style="list-style-type: none">Greater than 40 m of riparian corridor from top of bank for Category 1 – high significance streams	100%	No Category 1 recorded	100%	NA	NA	100%	NA
		<ul style="list-style-type: none">Length of in-stream breaks resulting from Landcom’s design for Category 1 – high significance streams	No breaks	No Category 1 recorded	0m	NA	NA	0m	NA
		<ul style="list-style-type: none">20-30 m of riparian corridor from top of bank for Category 2 - moderate significance streams	100%	No Category 2 recorded	NA	100%	100%	100%	100%
		<ul style="list-style-type: none">Length of in-stream breaks resulting from Landcom’s design for Category 2 – moderate significance streams	No target	No Category 2 recorded	NA	0m	0m	0m	0m
		<ul style="list-style-type: none">5-10 m setback from top of bank for Category 3 low significance streams	100%	100%	100%	NA	100%	100%	100%
		<ul style="list-style-type: none">Length of in-stream breaks resulting from Landcom’s design for Category 3 – low significance streams	No target	0m	0m	NA	460m piping	0m	150m piping
		<ul style="list-style-type: none">Area to be zoned for environmental conservation	No target	0 ha	8.8 ha	0 ha	0 ha	32.4 ha	2.5 ha
		<ul style="list-style-type: none">Appropriate riparian corridor management plans for all Landcom projects where riparian land exists	100%	100%	100%	100%	100%	60%	43%
Social development									
BUILT ENVIRONMENT	Influencing Design	<ul style="list-style-type: none">Projects where Landcom influences builders’ product by specifying design criteria	No target	100% (6 out of 6 projects)	100% (8 out of 8 projects)	75% (3 out of 4 projects)	75% (3 out of 4 projects)	86% (6 out of 7 projects)	100% (9 out of 9 projects)
		<ul style="list-style-type: none">Lots where Landcom influences the builders’ designs through design guidelines	No target	100% (520 out of 520)	94% (582 out of 621)	98% (121 out of 123)	74% (124 out of 168)	74% (280 out of 376)	62% (424 out of 681)
COMMUNITY	Moderate Income Housing	<ul style="list-style-type: none">Total yield (lots, house/land packages/dwelling units) delivered	7.5%	0.7%	2.0%	5.1%	6.2%	12.0%	6.5%
	Effectiveness of Stakeholder Consultation	<ul style="list-style-type: none">Landcom projects where community consultation was undertaken	100%	100%	NA	100%	100%	83%	56%
		<ul style="list-style-type: none">Stakeholders contacted	No target	100%	NA	100%	100%	100%	100%
		<ul style="list-style-type: none">Participation rate	No target	100%	NA	100%	78%	67%	90%
	Community Facilities	<ul style="list-style-type: none">School sites provided	No target	0	2	1	0	2	3

Six-Year performance summary continued

Indicator and description			Target	2009	2008	2007	2006	2005	2004
		• Passive open space	No target	10.9 ha	16.3 ha	18.2 ha	8.7 ha	8.0 ha	18.8 ha
		• Active open space	No target	3.4 ha	0 ha	7.2 ha	0 ha	4.6 ha	7.4 ha
		• Sport courts delivered	No target	3	0	4	1	1	6
		• Community halls or community hall sites provided	No target	9	3	2	0	0	2
		• Playgrounds provided	No target	4	7	6	2	3	4
	Welcome Program	• Projects with 200 homes or more that had Welcome Program	100%	71%	83%	70%	70%	62%	55%
		• Households that had Welcome Program visit within two weeks of home occupation in projects with 200 homes or more	100%	61%	51%	69%	60%	64%	96%
	Consumer Education on Sustainable Living	• Projects with consumer education on sustainable living	100%	40%	27%	0%	0%	0%	17%
	Conservation of Indigenous Heritage	• Projects with indigenous heritage issues where consultation occurred	100%	100%	NA	100%	100%	100%	100%
		• Significant indigenous heritage objects and places within Landcom projects that were conserved	100%	100%	NA	NA	NA	100%	100%
		• Projects with significant indigenous heritage issues that will have a conservation management plan developed	100%	100%	NA	NA	NA	100%	100%
	Conservation of Non-Indigenous Heritage	• Significant heritage items conserved	100%	100%	NA	NA	100%	100%	89%
		• Significant heritage places conserved	100%	100%	NA	NA	NA	NA	100%
		• Projects with heritage listed items and places that will have a heritage conservation management plan	100%	100%	NA	100%	100%	100%	100%
EMPLOYEES	Union membership	• Percentage of employees who belong to a union	No target	24%	23%	31%	26%	No data	No data
	Employee retention	• Annual retention rate	No target	93%	87%	86%	90%	92%	90%
	Internal training	• Training	No target	Refer to training section, under Social Development – page 53					
	Aboriginal employment	• Aboriginal employment opportunities	No target	Refer to Aboriginal Employment Opportunity, under Social Development – page 53					

Six-Year performance summary continued

Indicator and description			Target	2009	2008	2007	2006	2005	2004
Economic development									
ECONOMIC DEVELOPMENT	Profitability	<ul style="list-style-type: none"> Total revenue received from sale of land, profit from joint ventures, project management services and miscellaneous items 	No target	\$277,376,000	\$349,572,000	\$322,479,000	\$317,276,000	\$326,939,000	\$333,253,723
	Profitability	<ul style="list-style-type: none"> Sales margin: calculated as sales revenue on land sales less total cost of developing that land divided by sales revenue 	No target	32.91%	28.50%	33.10%	38.90%	45.00%	48.80%
	Profitability	<ul style="list-style-type: none"> Return on sales: calculated as Landcom's net operating profit after tax divided by total revenue from the sale of land 	No target	11.97%	10.04%	13.10%	14.00%	19.20%	26.30%
	Profitability	<ul style="list-style-type: none"> Earnings before interest and tax (EBIT) 	No target	\$51,617,000	\$59,530,000	\$68,440,000	\$72,610,000	\$99,315,000	\$132,180,000
	Profitability	<ul style="list-style-type: none"> Return on equity: calculated as earnings after tax divided by total shareholder equity 	No target	9.59%	9.75%	11.60%	12.30%	17.20%	24.60%
	Profitability	<ul style="list-style-type: none"> Return on total operating assets: calculated as profit after taxes divided by total operating assets 	No target	4.90%	5.04%	5.80%	6.40%	8.40%	15.10%
	Financing Capacity	<ul style="list-style-type: none"> Debt to equity ratio – measure of the amount of debt funding (net) as percentage of equity used as at the end of the financial year 	No target	0.00%	0.20%	27.70%	18.30%	23.60%	8.00%
	Return to Government	<ul style="list-style-type: none"> Dividend and tax equivalent returned to NSW Government 	No target	\$58,241,000	\$51,137,000	\$57,334,000	\$61,738,000	\$73,518,000	\$87,978,000
	Job creation	<ul style="list-style-type: none"> Total number of jobs created through Landcom's activities 	No target	6,463	6,858	6,315	6,050	7,868	5,270
	Economic Output	<ul style="list-style-type: none"> Total economic output generated from Landcom's activities 	No target	\$506,537,244	\$537,547,859	\$494,940,100	\$474,195,644	\$616,675,900	\$413,026,700

Six-Year performance summary continued

Indicator and description			Target	2009	2008	2007	2006	2005	2004
Governance									
GOVERNANCE	Regulatory Compliance	• Projects that achieved full regulatory compliance with Protection of Environment Operation Act 1997 & environment, OHS&R and planning legislation	100%	100% (Note 6)	100% (Note 6)	93% (Note 6)	73% (Note 6)	93% (Note 6)	100% (Note 6)
		• Civil contracts with environmental audits (Note 7)	100%	73%	64%	67%	45%	64%	85%
		• Civil environmental audit scores greater than 75%	100%	100%	78%	100%	80%	100%	100%
		• Builder environmental audit scores greater than 75%	100%	78% (7 out of 9)	90% (9 out of 10)	100% (5 out of 5)	11% (1 out of 9)	43%	27%
		• Civil environmental audit scores less than 50%	0%	0%	0%	0%	0%	0%	0%
		• Builder environmental audit scores less than 50%	0%	0%	0%	0%	89% (8 out of 9)	0%	31%
	Voluntary Compliance	• Environmental Management System certification to ISO 14001	Certification to ISO 14001	Recertified to ISO 14001	Recertified to ISO 14001	Recertified to ISO 14002	Recertified to ISO 14001	Recertified to ISO 14001	Recertified to ISO 14001
		• Global Reporting Initiative G3 status	G3 B+	G3 B+	G3 B+	G2 in accordance	G2 in accordance	No data	No data

The table below presents our performance against each Sustainability indicator.

- Note 1: In general, waste data is estimated, with the exception of waste to landfill which is weighed at the time of delivery. Indicator seven is not reported by project and is based on contracts completed over the year.
- Note 2: At the Waterford project, seven dwellings have electric boosted solar hot water heating and so are excluded from the calculation.
- Note 3: Renewable energy output for masterplanned projects completed this year has not yet been determined.
- Note 4: All figures quoted including those of previous years have been updated to reflect the National Greenhouse Accounts Factors (Department of Climate Change, June 2009)
- Note 5: 'Habitat' includes Endangered Ecological Communities where habitat is suitable for Threatened Species.
- Note 6: No infringements were issued to Landcom itself during the reporting period. Some infringements occurred as a result of contractor breaches.
- Note 7: Only contract values of \$250,000 or greater were included in this indicator, since smaller valued contracts are generally considered to be short in duration and involve limited civil works. Indicator 15 is not reported by project and is based on contracts awarded over the year.

Environmental care

The indicators under Environmental care are categorised under four headings of water, waste, energy and biodiversity. Landcom's Environmental Management System establishes the policies and procedures that relate to our environmental footprint.

Water

The aim of Landcom's potable water and stormwater targets is to mitigate the impacts of urban development, conserve water and improve the quality of water leaving our projects to downstream environments.

What we want to do	How we aim to do it	2009 target	Achieved
Manage urban water	<ul style="list-style-type: none"> Prepare a site specific Water Sensitive Urban Design (WSUD) strategy for all projects. 	100%	89%
Conserve water	<ul style="list-style-type: none"> Reduce the use of potable water in all our projects, compared to the average typical household water use in Sydney. 	40%	46%
Improve water quality	<ul style="list-style-type: none"> Achieve best practice water quality targets for stormwater runoff from all our projects. The key water quality targets are: <ul style="list-style-type: none"> - 45% reduction in the mean annual load of total nitrogen (TN). - 45% reduction in the mean annual load of phosphorus (TP). - 80% reduction in the mean annual load of total suspended solids (TSS). 	45% 45% 80%	45% 56% 80%
Protect our waterways	<ul style="list-style-type: none"> Maintain post development storm discharges to the natural catchment storm discharge levels for the 1.5-year Average Recurrence Interval (ARI) event. 	100%	100%

Managing urban water

During the year, Water Sensitive Urban Design (WSUD) management strategies were in place for all but one of Landcom's projects. Discovery Point was the only one of nine projects with no strategy. This is because the development agreement for this project was signed in February 2003, before all Landcom developments were required to have such a strategy. This project will be reviewed for future WSUD opportunities before proceeding to the next stage, with the likely delivery of a blackwater recycling system to service the development's non-potable water needs.

In response to improved technology and water management practices, this year we reviewed our policy on WSUD and updated our WSUD booklets to include advice on the operation and maintenance of WSUD elements.

How this will change

We will continue to report the percentage of projects with WSUD strategies in place until 2015 to ensure conserving water and improving water quality remain embedded in our planning and design processes.

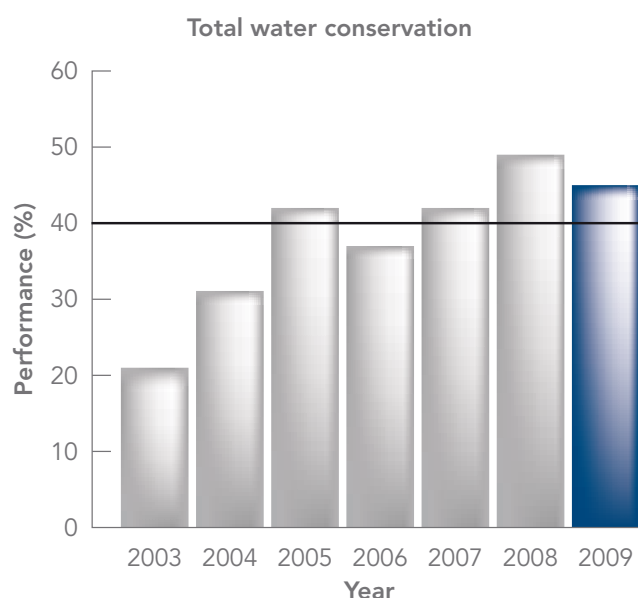
Environmental care continued

Conserving water

Compliance with performance measures specified in the Building Sustainability Index (BASIX) is a State Government requirement for any new or renovated home. The BASIX system aims to limit potable water consumption and greenhouse gas emissions through water and energy reduction targets for houses and units. Once targets are met in the BASIX system, a certificate is given to the owner to allow construction to start.

This year we achieved a 46% BASIX water efficiency score, which is a 109% improvement from our base year³ water conservation result of 22%. However, this result was lower than the previous year because in 2007/2008, a larger proportion of projects were serviced by a reclaimed wastewater scheme.

Nevertheless, of the seven projects assessed this year for water conservation, all dwellings had a score above the current BASIX target of 40%. Furthermore, our projects at Newbury and Parkbridge are part of reclaimed wastewater schemes whereby treated wastewater is used for toilet flushing and irrigation. Homes at these two developments achieved an average BASIX score of 50% and 49% respectively.



How this will change

Since we now consistently achieve the current targets, we have decided to increase our water conservation targets from 2009/2010. In future, water conservation targets for the homes we construct under partnership arrangements with builders and developers will be split into four categories. These are based on whether the dwelling is an apartment or a single/attached dwelling, and whether it is serviced by a recycled water scheme.

The new targets are:

- 45% reduction for single and attached dwellings not serviced by reticulated recycled water - with a stretch target⁴ of 60%.
- 45% for all apartments not serviced by reticulated recycled water - with a stretch target of 55%.
- 60% for single and attached dwellings serviced by reticulated recycled water - with a stretch target of 70%.
- 55% for all apartments serviced by reticulated recycled water - with a stretch target of 65%.

Improving water quality

This year, Landcom developed approximately 102 hectares of land, resulting in the creation of approximately 42 hectares of impervious area, including roads, driveways and buildings. This is relatively consistent with last year's result. Measures we employed to improve the quality of water flowing off developed catchments resulted in a 45% reduction in nitrogen, a 56% reduction in phosphorous and an 80% reduction in total suspended solids when compared with those developments in the greater Sydney region without WSUD controls. In real terms, this means that approximately 85 tonnes of suspended solids, 560 kg of nitrogen and 90 kg of phosphorus will not enter our waterways when compared to similar standard developments, because of our WSUD controls.

We removed the same amount of nitrogen this year as last year and overall, there has been a 200% improvement since we first began reporting against this indicator in 2002/2003. Phosphorus removal has also increased by 115% across our projects within the same period. We achieved our target of 80% removal of suspended solids this year, and this is a 78% improvement on the score of 45% achieved during our first year of reporting.

How this will change

We have consistently achieved our water quality targets over the past couple of years and have decided to revise our targets upwards. All projects commencing from July 2009 will be subject to the following water quality targets:

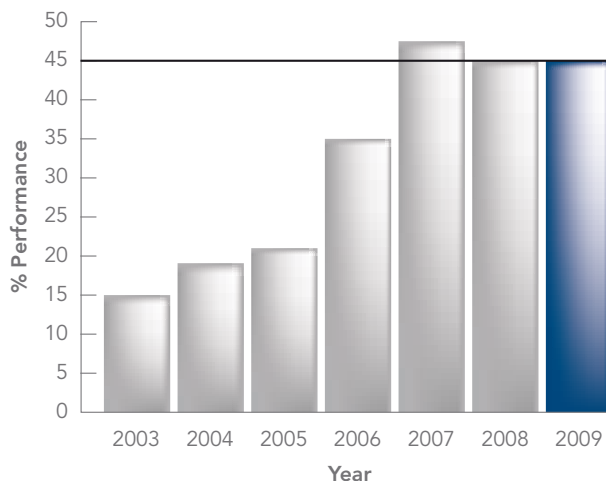
- 45% reduction in nitrogen
– with a stretch target of 85%.
- 65% reduction in phosphorus
– with a stretch target of 85%.
- 85% reduction in suspended solids
– with a stretch target of 90%.

³ 2002/2003

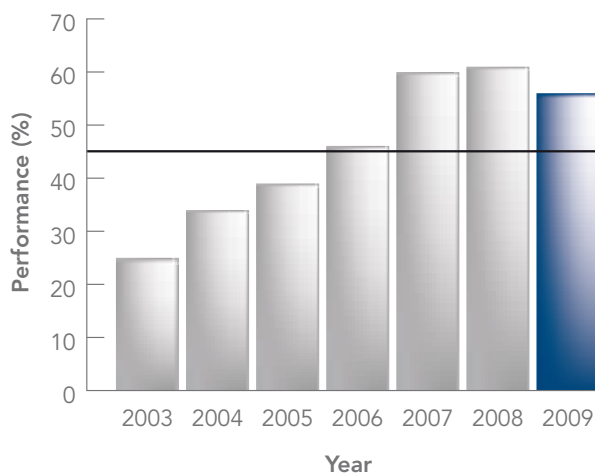
⁴ A stretch target is an ambitious target used as a driver for greater performance beyond Landcom's adopted target.

Environmental care continued

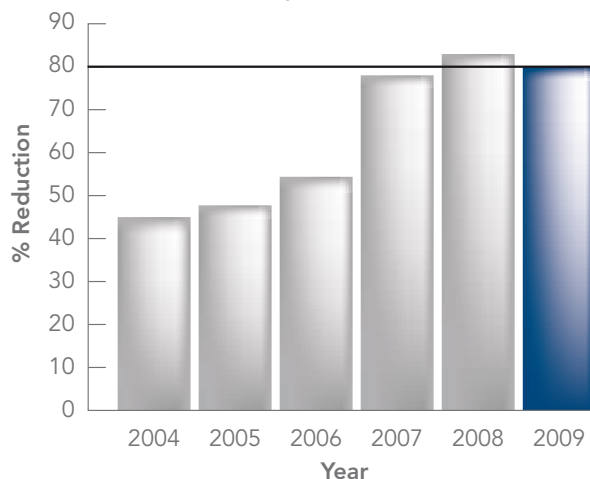
Total Nitrogen Reduction



Total Phosphorus reduction



Total Suspended Solids



Protecting our waterways

The aim of this indicator is to reduce the adverse impact of increased volume and frequency of water released into natural waterways from urban development, compared with natural conditions. All projects included in this report had flow attenuation strategies on site to ensure downstream waterways were protected and we have achieved a 72% improvement since we began reporting our performance against this indicator in 2003/2004.

How this will change

We have revised the mechanism and targets for reporting the impacts of our developments on receiving waterways in order to improve accuracy. The Stream Erosion Index⁵ (SEI) is a more complete measure of waterway protection and in future, we intend to use the SEI to report our impacts. From July 2009, all projects will aim for a benchmark SEI score of 2 (equivalent to best practice) - with a stretch target score of 1.

Ramsar wetlands

Ramsar wetlands are highly sensitive ecological areas which are protected by international treaties (refer to www.ramsar.org). Our Discovery Point, Potts Hill and Waterford projects all fall within the greater Botany Bay catchment which contains the Towra Point Nature Reserve (a designated Ramsar wetland).

We expect these projects would have minimal impact on the Towra Point wetlands. Nevertheless, in keeping with our urban water management targets, we have strategies in place to reduce the impact of these projects on local waterways which ultimately feed the Towra Point wetlands.

We will continue to report on all projects that fall within Ramsar-listed wetland catchments.

⁵ SEI refers to the ratio of post-development duration of stormwater flows greater than the stream forming flows to the duration of flows greater than the stream forming flow for the catchment under pre-development natural conditions. We will maintain the 1.5-year average recurrence interval peak discharge to pre-development levels.

Environmental care continued

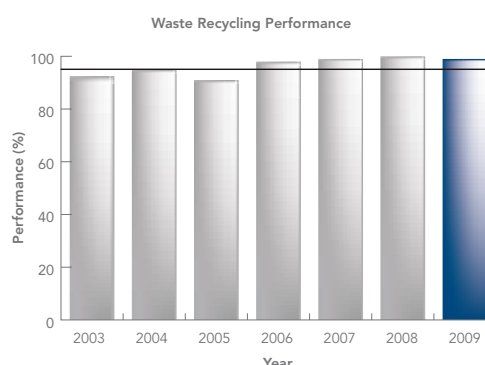
Waste

We have developed targets that promote reuse and recycling practices in order to reduce construction and demolition waste going to landfill.

What we want to do	How we aim to do it	2009 target	Achieved
Reuse and recycle construction and demolition materials	• Recover 95% of construction and demolition waste generated from our civil works contracts by 30 June 2006	95%	98.85%
	• Recover 76% of waste materials generated from building construction by 30 June 2014	76%	No data
Buy recycled paper and recycle office materials	• Buy paper with recycled content (measured in reams of 500 sheets)	85%	100% A4 – 2,910 reams A3 – 148 reams
	• Recycle office paper	No target	7.9 tonnes
	• Recycle bottles and cans	No target	0.4 tonnes
	• Recycle and/or reuse computers and monitors	No target	0 computers / monitors recycled, 245 printer toner cartridges recycled

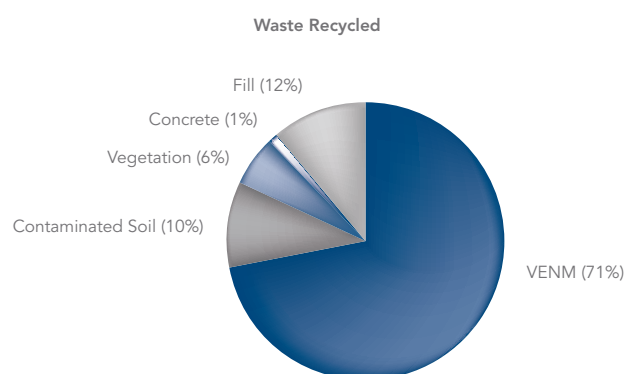
Reusing and recycling building materials

We have increased the recovery of materials from our projects over the past five years and this year was no exception. Works undertaken on our sites resulted in the production of 172,329 tonnes of recyclable waste, of which 98.85% or 170,345 tonnes was actually recycled. Our projects generated 22,462 tonnes of contaminated waste, of which 17,585 tonnes was remediated and reused onsite.



How this will change

We will maintain the targets of 95% recycling of waste through civil contracting works, but will raise the existing target for builders from 76% to 95%. This is in recognition of the increasing number of builders who are demonstrating improved design and building techniques and new waste management practices. Collection of comparable and reliable data for this indicator has been difficult in the past and will be the focus of attention with builders in the coming year.



Buying and recycling office materials

All paper purchased in our office operations during the year⁶ contained 60%, 80% or 100% recycled content.

All of the 321,000 communications and marketing documents we produced this year were printed on recycled 'Options PC 100', using vegetable based inks. Options PC100 is made from 100% post-consumer waste⁷ and is independently certified as chlorine-free and manufactured using GreenPower from wind energy.

We also recycled 8 tonnes of office paper, 0.4 tonnes of co-mingled bottles and cans, and 245 toner cartridges. Two printers and 23 monitors could not be recycled and were disposed of by waste management contractors.

⁶ 2,910 reams of A4 and 148 reams of A3 paper.

⁷ Waste that is collected and stored for reuse after disposal.

Environmental care continued

Energy

We measure the energy efficiency of all buildings in our projects where we have control of the building and delivery process. We have energy targets in place to ensure that these buildings are designed and equipped to minimise energy use. We also measure the energy performance and greenhouse gas emissions from our own Corporate operations.

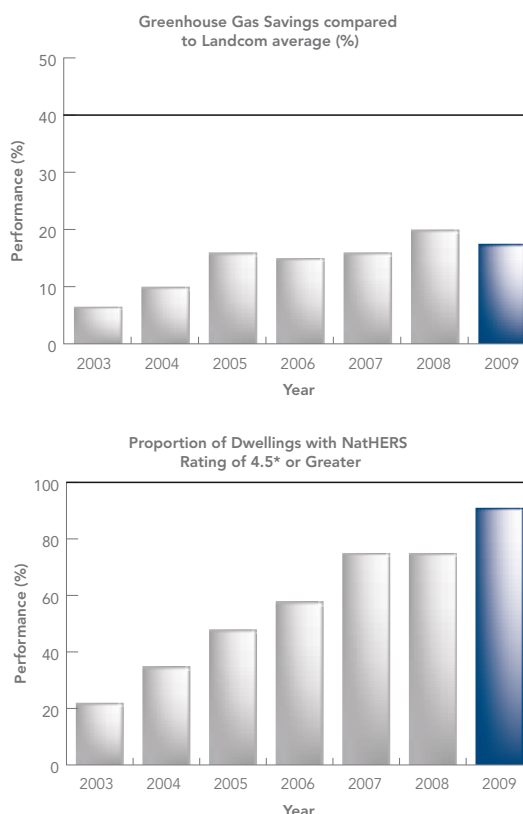
What we want to do	How we aim to do it	2009 target	Achieved
Produce energy efficient buildings	<ul style="list-style-type: none">Significantly reduce the greenhouse gas emissions from our developments compared with those we constructed in 2002	40%	17%
	<ul style="list-style-type: none">Ensure all commercial buildings achieve 4.5 star or greater under the Australian Building Greenhouse Rating (ABGR)	100%	No commercial buildings produced in reporting period
Promote sustainable or renewable energy supply	<ul style="list-style-type: none">Fit all dwellings with gas-boosted solar water heaters sufficient to meet 60% of annual hot water requirements, except where gas is unavailable or where solar panels are inappropriate	100%	37%
	<ul style="list-style-type: none">Include a percentage of onsite or offsite renewable energy supply in all projects with more than 500 dwellings (or projects with a commercial component or town centre)	100%	No renewable energy supply developed in reporting period
Measure and reduce our corporate energy use	<ul style="list-style-type: none">Report in accordance with the requirements of the Sustainability Policy for NSW Government	No target	<p>Total from electricity & car fleet - 508 tCO₂e</p> <p>Electricity: 434,408 kWh 465 tCO₂e (92% of total)</p> <p>Car fleet: 17.3 kL petrol 43 tCO₂e (8% of total)</p> <p>3.6 tCO₂e per employee</p> <p>GreenPower: 100% purchased 162 trees planted to sequester 43 tCO₂e</p>

Environmental care continued

Producing energy efficient buildings

This year we achieved a 17% reduction in greenhouse gas emissions from the homes constructed in this reporting period, against the Landcom base case. This is equivalent to an overall BASIX score of 46⁸, which is a total greenhouse gas savings of 219 tCO₂e.

The percentage of homes we built that achieved 4.5 star or five star thermal efficiency significantly increased this year with a 296% increase since we began measuring our results in 2002/2003. Of 227 homes constructed, 91% achieved a NatHERS rating of 4.5 stars and above.



How this will change

Our stakeholders suggested that we need to demonstrate leadership beyond regulated minimum targets in areas of climate change mitigation. Through research and targeted feedback, we have identified new greenhouse gas reduction targets for homes built in partnership with a builder or developer. These homes will be required to achieve the following greenhouse gas reduction targets measured through BASIX over the next five years:

- 50% for detached and attached dwellings
- 40% for three-storey apartments
- 35% for four and five-storey apartments
- 30% for six storeys and more

In addition, all new homes will, in future, be required to achieve a minimum thermal efficiency rating of six stars or greater. Finally, all new commercial buildings must be designed and constructed to achieve a five star energy rating under the National Australian Built Environment Rating System (NABERS)⁹.

Promoting sustainable or renewable energy supply

We measure sustainable or renewable energy technologies installed in our developments. These include energy generation options that produce lower emissions than traditional coal-fired power plants such as wind power, solar power and sewage gas.

This year, 37% of dwellings constructed were fitted with gas-boosted solar hot water. This score is lower than our base year result (2003/2004) of 44% and continues to fall well short of our target of 100% of dwellings to be fitted with solar hot water by 2008. These results reflect the high number of legacy projects being reported this year that were not required to include mandatory solar hot water system installation, and studio apartments where the suitability of solar hot water systems is limited.

Despite this, Landcom remains committed to promoting sustainable and renewable supply. Landcom is currently a partner in the Blacktown City Solar Cities program being facilitated by the Federal Government. Landcom's commitment to sustainability under the Solar Cities program includes the completion of a five-star Australian Building Greenhouse Rating (ABGR)¹⁰ Sales and Display Centre. Further details on this initiative will be included next year, once the first year of performance monitoring is completed and approval for certification is obtained.

How this will change

Since the introduction of our indicators, the Renewable Energy Certificates System has been introduced, which requires all solar hot water systems to be rated with a Renewable Energy Certificate (RECS) score¹¹.

We have updated our indicator to reflect this change. From July 2009, all new homes built in partnership with a builder or developer will be required to be fitted with a gas boosted solar hot water system, capable of generating a minimum of 30 RECS (or 19 RECS for small systems – i.e. suitable for 2 bedroom or smaller homes).

⁸ BASIX is measured against a New South Wales average.

⁹ NABERS is a performance-based rating system that measures an existing building's overall environmental performance during operation.

¹⁰ Australian Building Greenhouse Rating (ABGR) is a commercial building energy and greenhouse rating tool.

¹¹ Renewable Energy Certificates (RECs) are an electronic form of currency initiated by the Renewable Energy (Electricity) Act 2000 used by eligible parties for each megawatt-hour of eligible renewable electricity generated or deemed to have been generated.

Environmental care continued

We will also include a minimum of 5% onsite or offsite renewable energy supply for all projects with more than 500 dwellings or with a commercial component or town centre. In addition, these projects must achieve a minimum 50% reduction in greenhouse gas emissions when compared to the base case.

These targets will work together to lower energy demand by improving energy efficiency and by driving investment in less polluting energy supply to the residential market.

Measuring and reducing our corporate energy use

We measure the energy used and greenhouse emissions generated at our Parramatta head office, our Newcastle and Campbelltown regional offices and from our corporate vehicle fleet. While Landcom is not a budget-dependant agency, we aim to achieve the requirements of the Sustainability Policy for New South Wales Government¹².

For the first time this year, the National Greenhouse Accounts (NGA) Factors (June 2009), prepared by the Department of Climate Change, were applied to our energy consumption. This updates and replaces the January 2008 version used previously. As in previous years, we have based our calculations on this methodology and have included scope one and three emissions from our car fleet and scope two and three for energy used in our buildings.

Electricity

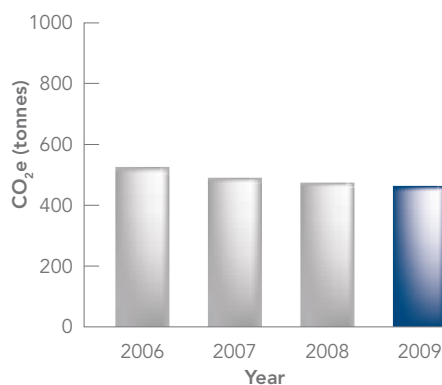
Scope two¹³ electricity emissions from Landcom's head and regional offices generated 387 tCO₂e.

Scope three¹⁴ energy emissions were 78 tCO₂e.

The total greenhouse gas emissions from our electricity use was 465 tCO₂e, a slight increase on last year.

Landcom increased its staff numbers by 25 and obtained 226 square metres of additional office space in June 2009. This resulted in an adjusted figure of 3.6 tCO₂e per person due to the significant staff increase requiring the opening of additional office space in our Parramatta head office.

Corporate electricity greenhouse gas emissions



How this will change

Landcom must meet the Sustainability Policy for NSW Government and incorporate best practice corporate energy initiatives. This means that from next year we will:

- Seek to achieve a minimum score of 4.5 NABERS energy rating for our head office and regional office operations;
- Buy green electricity;
- Offset our remaining emissions; and
- Reduce our reliance on offsets to achieve annual carbon neutral operations.

Car fleet

Based on the Sustainability Policy for NSW Government, Landcom's vehicles are required to meet an average annual environmental performance score target. This is calculated using a vehicle scoring system adopted for the NSW Clean Car benchmarks¹⁵, which rates vehicle impacts in terms of greenhouse emissions and air quality.

This year, Landcom's average environmental performance score of 13.3 was above the NSW Government benchmark of 12 out of 20 (a higher score equates to superior performance). The total greenhouse gas generated through the use of our car fleet was 43 tCO₂e. Scope one petrol use¹⁶ generated 39.7 tCO₂e. Scope three emissions¹⁷ were approximately 3.1 tCO₂e.

Landcom encourages greater fuel efficiency awareness among its staff and continues to promote the use of ethanol-blended fuels. Over the reporting period, we used approximately 4,500 litres (26%) of E10 ethanol-blended fuel. We also maintained our commitment to Greenfleet¹⁸ to offset emissions from our car fleet, with 162 trees being planted to sequester 43.3 tCO₂e from our operations¹⁹.

How this will change

We will seek to reduce our greenhouse gas emissions by 20%, continue to achieve an environmental performance score above 12 out of 20 and offset all remaining emissions. In addition we are exploring opportunities and strategies to calculate, reduce and offset our non-fleet travel emissions.

¹² Refer to www.dpc.nsw.gov.au/publications/memos_and_circulars/ministerial_memoranda/2008/m200828_sustainability_policy_for_nsw_government for further details.

¹³ The electricity used to run Landcom operations.

¹⁴ The energy used to extract, transport and produce fuel sources.

¹⁵ Refer to EPA 2003 www.environment.nsw.gov.au/resources/air/cleancars.pdf

¹⁶ The petrol combusted as a result of the use of Landcom's car fleet.

¹⁷ The emissions calculated as a result of the extraction and refining of the petrol used in Landcom fleet.

¹⁸ Greenfleet plants native vegetation to offset emissions from vehicles and to contribute to its biodiverse forest sink program.

¹⁹ CO₂e emissions are estimated over 12 months and will be sequestered over the life of the trees planted that year.

Environmental care continued

Biodiversity

Land use planning and biodiversity management systems within NSW have put in place detailed statutory controls and processes for the management of biodiversity. This is because biodiversity is often challenged by the process of land development.

Landcom measures the impact of our activities on the ecological systems we encounter on our projects. While acknowledging that urban development can adversely affect biodiversity, our aim is to minimise our impact on ecological communities, threatened species, and on riparian corridors.

What we want to do	How we aim to do it	2009 target	Achieved
Manage native vegetation and riparian corridors	• Avoid the loss of any endangered ecological communities of "high conservation significance"	No loss	21% loss (or 2.8 ha)
	• Avoid the loss of any endangered ecological communities of "moderate conservation significance"	No target	34% loss (or 1.9 ha)
	• Avoid the loss of any endangered ecological communities of "low conservation significance"	No target	38% loss (or 1.7 ha)
	• Establish vegetation management plans for all our projects where the native vegetation indicator applies	100% of projects	100% achieved
	• Avoid the loss of any stream length for Category 1: High Significance streams and any associated riparian corridor	No loss	No Category 1 recorded
	• Ensure a riparian corridor of at least 40 metres either side of Category 1: High Significance streams	100% of projects	No Category 1 recorded
	• Ensure a riparian corridor of at least 20 metres for Category 2: Moderate Significance streams	100% of projects	No Category 2 recorded
	• Ensure a riparian corridor of at least 5-10 metres for Category 3: Low Significance streams	100% of projects	10 m achieved in all projects
	• Establish riparian corridor management plans for all our projects where the riparian corridor indicator applies	100%	100% achieved

Managing native vegetation and riparian corridors

We assess the significance of native bushland, individual species and streams. We then measure our performance in the conservation of Endangered Ecological Communities, threatened species and riparian corridors identified on projects in order to conserve riparian corridors that have significant conservation value and to repair those that are degraded. Appropriate impact offset ratios are negotiated with the NSW Department of Environment and Climate Change for each project.

This year, concept masterplans were completed for our Bungarribee and Potts Hill projects. Both sites have Endangered Ecological Communities and threatened species, and Bungarribee has two Category three streams.

Both sites will be subject to appropriate vegetation management plans.

Significant vegetation at the Bungarribee site includes Swamp Oak Floodplain Forest and Cumberland Plain Woodland. At Potts Hills, significant vegetation includes Cumberland Plain Woodland, Cooks River Castlereagh Ironbark Forest and Sydney Turpentine Ironbark Forest.

These communities are all listed as endangered under the NSW Threatened Species Conservation Act 1995. Seventy-two per cent (16.7 hectares) of these communities are to be retained and set aside for conservation, with 6.4 hectares to be cleared. The cleared areas will be offset through onsite and offsite conservation and revegetation programs.

Environmental care continued

At Bungarribee, 4.9 hectares of vegetation will be cleared. This will be offset through revegetation of 24.3 hectares in the Western Sydney Parklands. This area will enhance the existing conservation areas within the Parklands including Eastern Creek, and will be managed by the Western Sydney Parklands Trust.

At Potts Hill, 1.6 hectares of vegetation will be cleared and offset through revegetation and conservation of up to 10.5 hectares. The rehabilitation and management plan will be the responsibility of the owner of this site, Sydney Water.

Approximately 34 hectares of native vegetation deemed suitable as habitat for specific threatened species was identified at these two projects. Of this area, approximately 14 hectares will be cleared, with two-thirds of this being of low conservation significance. Close to 20 hectares will be replanted. This area will provide potential habitat for

threatened species such as the Grey-Headed Flying-Fox, Eastern Bent-Wing Bat and Cumberland Land Snail.

The restoration and enhancement of the creekline area at Bungarribee will allow for indigenous heritage protection. It will also maximise potential biodiversity opportunities for areas of habitat, and provide linkages to the Western Sydney Parklands²⁰.

How this will change

Our biodiversity indicator targets will remain largely unchanged for future reports. However, we are adding indicators to measure our offsets and biobanking activity (www.environment.nsw.gov.au/biobanking), and the monetary value of works we undertake to help conserve biodiversity.

²⁰ The Western Sydney Parklands is home to one of Sydney's largest corridors of Cumberland Plain communities.

Social Development

In Landcom's experience of sustainability reporting, reporting on social sustainability outcomes has provided us with our greatest challenge because the impacts of our activities and the roles of others are difficult to quantify. After reviewing the effectiveness of Landcom's existing indicators in telling our sustainability story since 2002/2003, we have decided to commence reporting against three new indicators from July 2009.

The new indicators will record the extent to which we have undertaken due diligence on social sustainability and whether we have included a strategic social plan when masterplanning projects. We will also be reporting on the extent to which universal housing²¹ has been included in our developments.

Influencing urban design

What we want to do	How we aim to do it	2009 target	Achieved
Influence the quality and sustainability of urban design	<ul style="list-style-type: none"> Influence final building form in all projects where we do not directly control the built product (e.g. establish criteria for the use of Landcom's boxed set of design guidelines and project-specific design guidelines) Lots where Landcom influences the builders designs through design guidelines 	No target	100% (6 out of 6 projects) 100% (520 out of 520 lots)

We measure the processes we have in place to influence the quality and sustainability of home designs on all projects where we don't directly control the built product.

All six projects assessed this year for urban design indicators have had design guidelines developed for them. Of the 520 lots within these projects, all of our contracts required the purchaser to build under the guidelines. The degree of control varied, with projects such as Minto and The New Rouse Hill also requiring sustainable design features that minimise energy, water and waste.

How this will change

Our urban design indicators will remain largely unchanged except for increases in the ratings required for home thermal performance and water conservation ratings of appliances (in order to meet current industry best practice). In addition, all projects will now have to take into account the Landcom Design Guidelines²².

²¹ Universal housing provides the opportunity for people to stay in their homes as they age with no or minor modifications to the home (see Landcom's Universal Housing Design Guidelines).

²² www.landcom.com.au/TheGuidelines

Social development continued

Providing affordable housing

What we want to do	How we aim to do it	2009 target	Achieved
Provide housing for moderate income earners	<ul style="list-style-type: none"> Deliver 7.5% of our total land and / or housing product as moderate income housing by 30 June 2009, where economically viable 	7.5%	0.7%

Landcom's aim is to provide affordable housing opportunities to households earning between \$53,073 and \$79,611²³. The objective is to enable moderate income earners to buy their own homes without significant subsidies.

The Moderate Income Housing (MIH) bracket during the year was assessed as land priced between \$27,690 and \$111,472 and house and land packages priced between \$167,690 and \$251,472 (i.e. assuming the construction of a home for \$140,000).

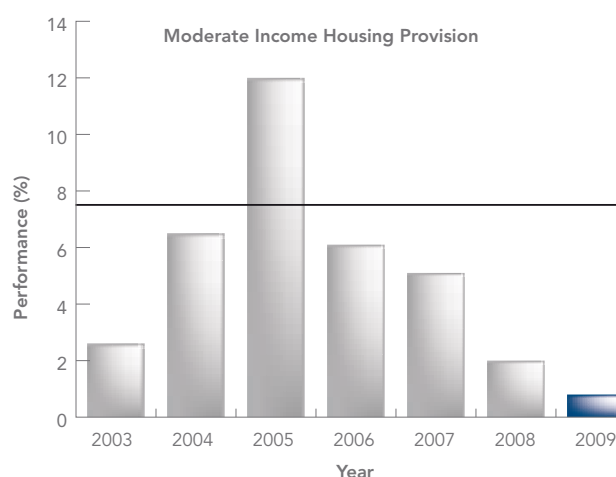
This year we delivered 0.7% of MIH stock as a proportion of our total housing product, which is significantly lower than the result for previous years. By way of comparison, in Landcom's first year of sustainability reporting, our initial result was 2.6% and last year's score was 2%. The highest score achieved for this indicator was 12% in 2005.

As in previous years, this result was largely due to high land prices in the regions where we operate and, to a lesser extent, increasing costs associated with materials together with the higher interest rates that applied at the time the calculation is made (i.e. the MIH bracket was calculated at a time when interest rates were at their peak of 9.58%).

All dwellings classified as available for those on moderate incomes during the reporting period were garage-top studio apartments at Park Central.

While these results remain a challenge for Landcom, they no longer reflect everything we do to improve the provision of more affordable housing. For example, eight houses at Redgum in St Marys and four houses at Macarthur Gardens were sold to Argyle Community Housing during the year. However, they do not fall under this indicator because the calculation only includes direct sales to private owners. We are proposing revised indicators that will allow these sales to community housing providers to be included in future years.

Furthermore, in 2007 we reported the sale of two sites at Victoria Park to City West Housing for affordable rental accommodation. This site will comprise 72 apartments and construction on this development began during the 2008/2009 reporting period.



How this will change

The housing market has changed substantially since Landcom commenced reporting its performance against this indicator in 2003. In order to reflect this market volatility, we have reviewed our approach by adding a relative affordability indicator to reflect current market conditions. This will account for the percentage of housing sold at or below the average sales price for new housing in a defined local area.

Further, when reviewing this indicator, we were conscious of the need to amend the way we have defined the affordable price range, to reflect what is happening in the market. Our definition has always assumed that a household on a moderate income (80 - 120% of the median Sydney region income) will be paying no more than 30% of gross income on mortgage repayments and this remains unchanged. However, we have increased the repayment term from 25 to 30 years as this is now industry standard. In addition, we will now also count affordable access to long-term rental as well as house and land sales, in order to better account for the other affordable housing activities we initiate as referred to in the previous section.

23 The assessed income level for moderate income households during 2008/2009.

Social development continued

Consulting with our stakeholders

What we want to do	How we aim to do it	2009 target	Achieved
Understand the needs of our stakeholders	<ul style="list-style-type: none"> Prepare and implement consultation plans for all projects, identifying all key stakeholders and engaging with them 	100%	100%

Community consultation is reported at the completion of a masterplan or development control plan for a project.

As mentioned previously, the two projects with concept masterplans for this reporting period are Bungarribee and Potts Hill.

Community consultation for the Bungarribee project identified 12 key stakeholder groups. These included Blacktown residents and the Blacktown and District Environment Group, who at some point have participated in the stakeholder engagement process.

At Potts Hill, six of the 43 key stakeholder groups contacted have participated to date. All 43 stakeholder groups are kept informed on a regular basis, regardless of their participation levels. Community consultation for this project has involved several group and individual meetings with local residents and other groups including Bankstown City

Council and Regents Park businesses. All communications materials have been produced in multiple languages on request, to ensure information is accessible to everyone in the local community. The project also has an interpreter service on request.

How this will change

Community consultation now forms an integral part of every project masterplan prepared for our developments. Without it, our projects would not be delivered.

We have achieved 100% compliance for a number of consecutive reports. We will no longer report annually on our performance against this indicator and we will move this requirement to our Environmental Management System (EMS). Our performance progress will continue to be monitored in regular audits of our projects and the EMS to ensure that community consultation continues across all projects.

Providing community facilities

What we want to do	How we aim to do it	2009 target	Achieved
Provide community facilities	<ul style="list-style-type: none"> Specific targets are not set for this indicator because each project's requirements are determined by the needs of the particular locality and the requirements of the relevant council 	No target	See text below

Our aim is to provide appropriate facilities for the communities we create. This indicator provides information on community facilities included in our projects such as sporting fields, playgrounds and parks. This year we delivered:

- Eleven hectares of passive open space (e.g. bushland)
- Three hectares of active open space (e.g. sports fields)
- Three multi-purpose sports court facilities
- Nine community halls located at Discovery Point, Newbury, Parkbridge (two), Prince Henry (two) and The New Rouse Hill (three)
- Four children's playgrounds located at Discovery Point, Minto and Parkbridge (two)

How this will change

We recognise that our existing indicators only provide a crude indication of the part the community facilities we provide play in promoting community development. A better appreciation of Landcom's contribution will come from better understanding the impact of some of our other initiatives.

Therefore, while we will continue to report the types of facilities delivered through a given year, we will also include their value to help build a picture of our annual relative contribution. We will also begin reporting the type of community sponsorship we provide.

Social development continued

Encouraging new communities to be more socially sustainable

What we want to do	How we aim to do it	2009 target	Achieved
Help make new communities socially sustainable	• Have a Welcome Program in every estate with 200 or more dwellings by 30 June 2009	100%	71%
	• Make the initial welcome visit within two weeks of new residents moving in	100%	61%

We measure how effectively we deliver our Welcome Programs, a community development initiative that contributes to the social sustainability of new communities. These programs help to foster a sense of belonging among new residents, promote a culture of welcome and hospitality, and help new residents create networks.

This year, 10 out of a possible 14 projects had a Welcome Program in place²⁴. Of those residents who were visited, 61% received their initial visit and welcome kit within the first two weeks of moving in.

In addition, a total of 171 events, including several large community events, were held within our existing projects and were well attended by residents.

In Garden Gates, 88 events were held over the year, with almost 900 residents attending. At Newbury, 11 events were held with over 2,700 residents participating. These included a Christmas in July community barbeque, sustainable living workshops and Australia's Biggest Morning Tea fundraising activities.

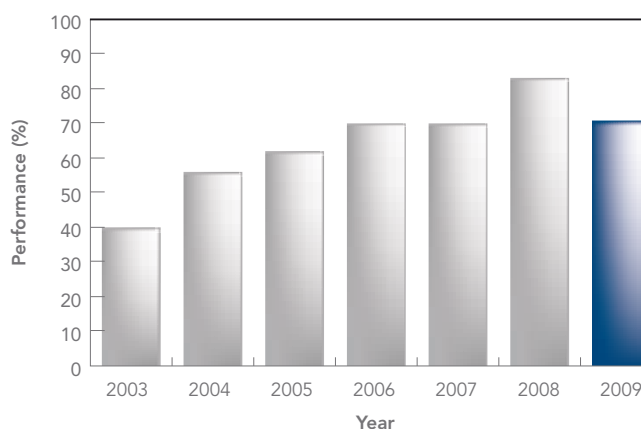
How this will change

Our Welcome Programs have now become standard Landcom practice in our new projects and we have subsequently expanded the types of community programs we now deliver.

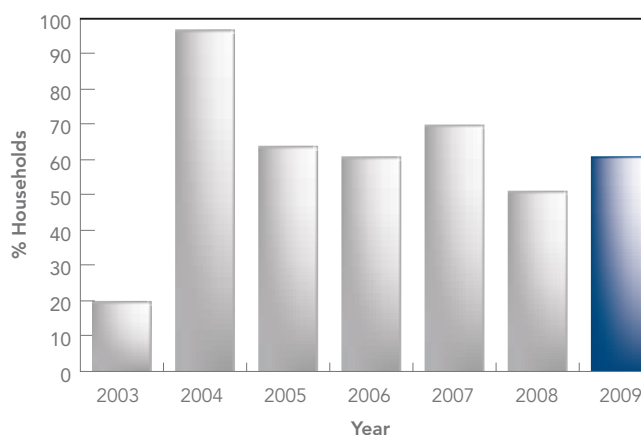
For these reasons, from July 2009, we intend to report our performance against a new indicator entitled "Sustainable Community Programs", which will measure the types and value of our community programs through the year. The Welcome Program and other education programs will be reported under this indicator.

²⁴ The decline in the percentage of projects with a Welcome Program was a result of the inclusion of two Newcastle projects and two other projects where the Welcome Program had either stalled or stopped. The Newcastle-based projects will be receiving the Welcome Program in future years.

Projects with Welcome Programs



Visits within 2 Weeks



Social development continued

Educating consumers about sustainable living

What we want to do	How we aim to do it	2009 target	Achieved
Educate consumers about sustainable living	<ul style="list-style-type: none"> To include consumer education on sustainable living on all our projects 	100% of projects	40% of projects

We aim to promote sustainability within the wider community by raising awareness of sustainable design and products, as well as sustainable living opportunities.

This year, sustainable living information was distributed to residents within the following projects:

- Sustainable Living Guides were distributed within Welcome Packs at Greenway Views and The Ponds.
- "Sustainability Blitz" fact sheets were distributed in Welcome Packs at Garden Gates and Park Central and were made available in our Garden Gates and Minto sales offices.
- Sustainable education material, such as recycled water and water efficiency information, was distributed to residents at The New Rouse Hill.
- Sustainable living workshops were held at Garden Gates and Park Central, featuring advice on composting, worm

farming, no-dig gardening and waterwise gardening

- Earth Hour promotional material was distributed to residents in Garden Gates and surrounding communities.

All Landcom projects that have a Welcome Program receive materials on sustainable living, such as environmental education fact sheets.

How this will change

As part of our sustainability indicator review, we received feedback suggesting that this indicator was too narrow in scope. As we are now delivering a range of community programs and events, the nature and value of these will be included in future reports to identify the value we are adding to community development. Landcom sponsored events will also be included in this indicator.

Respecting indigenous and non-indigenous heritage

What we want to do	How we aim to do it	2009 target	Achieved
Respect indigenous and non-indigenous heritage	Consult with relevant local indigenous groups on projects with indigenous heritage issues	100%	100%
	Conserve all objects and places of significance in all our projects as determined in consultation with local indigenous groups and the Department of Environment and Climate Change	100%	100%
	Establish heritage conservation management plans for all projects with significant indigenous heritage issues	100%	100%
	Conserve all significant non-indigenous heritage items and places found on our projects	100%	100%
	Establish heritage conservation management plans for all our projects with non-indigenous heritage items or places	100%	100%

We aim to consult relevant indigenous communities about our developments and conserve objects and places that have both indigenous and non-indigenous cultural significance.

This indicator is reported at the masterplanning stage and, of those projects reviewed this year, only one (Bungarribee) contained indigenous heritage items and places of significance. Landcom worked closely with two indigenous groups to identify areas and places of significance on this project. As a result of this work, funds have been dedicated to restore, enhance and protect the creek line area where items have been identified.

How this will change

Landcom's obligations with regard to the protection of indigenous and non-indigenous heritage are largely determined through legislation and the development consent process. Since reporting our performance against mandated requirements has little value, we have decided to no longer report these results. We will however continue to report the extent to which we have prepared appropriate management plans for the items and places conserved through the development process. Furthermore, our performance will continue to be monitored in regular audits of our projects, in order to ensure that we continue to meet our obligations regarding the protection of indigenous and non-indigenous heritage.

Social development continued

Employees

We measure the effectiveness of our human resources management and employee relations by disclosing our annual employee retention rate. We also assess the overall satisfaction of our permanent and long-term contract employees and run staff surveys to measure our performance against a number of employee satisfaction indicators²⁵. In addition, we attempt to provide employment and training opportunities to people of Aboriginal or Torres Strait Islander background.

What we want to do	How we aim to do it	2009 target	Achieved
Create a healthy, productive organisational culture	<ul style="list-style-type: none"> Landcom employee retention rate 	No target	93%
Provide training for our staff and service providers	<ul style="list-style-type: none"> Pursue a role as a national leader in innovation in the development industry 	No target	Refer to description below
Provide employment and training opportunities to people of Aboriginal or Torres Strait Islander background	<ul style="list-style-type: none"> Create employment opportunities for indigenous people in their community and encourage students to pursue a career in government and the property development industry 	No target	Refer to description below

Employee retention

Landcom's employee retention rate for 2008/2009 was 93% - with nine permanent staff resigning from a total of 125. The 2009 retention rate result is comparable to our 2007/2008 and 2006/2007 results. The result for the NSW public sector average retention rate was not available at the time of print. However, by way of comparison, the result for the NSW public sector in 2008 was 93%²⁶.

How this will change

Employees leaving Landcom tend to give varied explanations for their decision. These can include advancement within their profession following from the experience and training that Landcom has offered, through to more preferable career progression becoming available elsewhere.

Employee retention rates are actually a crude measure since they do not distinguish between positive or negative perception and performance. In addition, employee retention rates are also reported elsewhere in our compulsory Government reporting requirements. Accordingly, we have made the decision to longer report this indicator as a component of our sustainability program.

Employee satisfaction

Landcom's human resources strategy this year focused on refreshing the organisation, focussing on changing competencies, attitudes and behaviours in order to grow our people and the business. Its objectives were to:

Further align initiatives of the Landcom Executive, management team and staff.

Develop leadership and communication competencies across the next level of business within the organisation.

Support the development of the Executive and management teams in performance management and communication.

Ensure morale remains high and the culture healthy during times of adverse market conditions.

To achieve these objectives, specially targeted initiatives were designed for each audience: namely the Executives, managers and staff. These initiatives were specifically designed to address the impact of adverse market conditions on staff and professional development needs.

²⁵ Employee satisfaction surveys are conducted every two years, with the last undertaken in April 2008.

²⁶ www.dpc.nsw.gov.au/public_employment/workforce_profile/

Social development continued

How this will change

Landcom conducts staff satisfaction surveys approximately every two years. The survey provides us a great opportunity to understand the level of engagement and satisfaction of staff with the organisation's sustainability directions and programs. We will continue to report our employee satisfaction through this process but, in future, we have also decided to include feedback on how Landcom employees perceive our sustainability initiatives.

Providing training for staff and service providers

In order to raise industry awareness of better design, housing choice, sustainable development and affordable housing, we host training, seminars, courses and industry forums for our staff and service providers. These enable us to exchange ideas and promote issues and initiatives that either have a high profile or are of strategic importance to Government.

This year's training and development program was designed to meet our strategic business needs and the individual career and performance needs of our employees. It encompassed the following streams:

- Behavioural coaching and mentoring;
- IT training;
- Individual or position specific training;
- Knowledge briefings; and
- The Seminar Series

The latter was a new initiative to increase awareness and knowledge of best-practice in the development industry involving a series of external experts, often of international standing.

In addition to the above, a separate program of initiatives was developed to deliver on our objective to refresh the organisation. Training initiatives under this objective included: skills in financial management; writing skills; mentoring; team building; corporate planning workshops; and management programs.

Employees are also offered study time and payment for relevant training and tertiary studies. Individual training needs are also identified through career development plans as part of performance development reviews.

An example of the way we expose our staff to industry best practice is through the Sydney Forums, which are held to present information relating to the built environment and which support and promote greater sustainability. Landcom is a partner in this initiative which also includes the Department of Environment and Climate Change and the City of Sydney. The first of the Forums, held in June 2009, attracted over 100 industry representatives from government and private organisations.

Several stakeholder workshops were also held throughout 2008/2009. The Landcom Guidelines were launched in July 2008 followed by a series of workshops in greater Sydney and Newcastle. Each workshop included seven presentations by each Guideline's principal authors. They attracted over 300 participants, mainly from local government. Two Water Sensitive Urban Design workshops were conducted. These were mainly targeted for council staff and included consultation associated with the development of a Water Sensitive Urban Design Maintenance and Operation Guideline.

How this will change

Feedback from stakeholders during this year's review of Landcom's sustainability indicators suggested that there would be benefit in providing more context and qualitative feedback in order to support better understanding of the direction and success of our training and development initiatives. Therefore, in future, while we will continue to report the training offered to internal and external staff. We will also provide more detail in areas such as results of any evaluations and the reported outcomes of the annual training strategy.

Providing employment and training opportunities to people of Aboriginal or Torres Strait Islander background

This indicator monitors our efforts to provide employment and training opportunities to people of Aboriginal or Torres Strait Islander background.

Following the creation of Landcom's indigenous scholarship in 2007, an indigenous student, who enrolled in a full-time undergraduate degree at Charles Sturt University, was engaged in September 2008. The scholarship provides financial assistance with study fees and materials and paid work experience. We collaborate with the University of Western Sydney to identify suitable and prospective indigenous students for employment opportunities.

Economic development

Profitability

Purpose

Landcom's objective is to operate as a successful corporate entity with at least the same level of efficiency as any comparable private sector company. Indicators 16 to 21 provide a measure of Landcom's profitability.

Target

Landcom aims to operate as a successful business and maximise the net worth of the State's investment in its operations.

Results

See Table 1 below.

Table 1: Profitability

DESCRIPTION	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
Sales revenue	\$277,376,000	\$349,572,000	\$322,479,000	\$317,276,000	\$326,939,000	\$333,253,723
Sales margin	32.91%	28.50%	33.10%	38.90%	45%	48.80%
Return on sales	11.97%	10.04%	13.10%	14%	19.20%	26.30%
EBIT	\$51,617,000	\$59,530,000	\$68,440,000	\$72,610,000	\$99,315,000	\$132,180,000
Return on equity	9.59%	9.75%	11.60%	12.30%	17.20%	24.60%
Return on total operating assets	4.90%	5.04%	5.80%	6.40%	8.40%	15.10%

Financing Capacity

Purpose

This indicator provides a comparison between Landcom's external financing arrangements and capital provided through the State Government's shareholder equity, and profits retained from previous years. Landcom's maximum debt levels are established through periodic capital structure reviews undertaken by Landcom and the NSW Treasury.

Target

Landcom aims to provide a responsible balance between its net debt and total equity.

Results

See Table 2 below.

Table 2: Financial capacity

DESCRIPTION	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
Debt to equity ratio	0.00%	0.20%	27.70%	18.30%	23.60%	8.00%

Economic development continued

Returns to Government

Purpose

This indicator measures Landcom's annual returns to the State Government.

Target

Landcom's objective is to provide an appropriate return to the State Government. In 2008/2009 this represented 100% of Landcom's net profit.

In addition, Landcom pays an income tax equivalent to government. The tax rate is currently set at 30% of net profit. Landcom also pays all other NSW charges and taxes imposed on private sector organisations, including stamp duty and land tax. These funds are available to the NSW Government to finance operations and capital works.

Results

See Table 3 below.

Table 3: Return to government

DESCRIPTION	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
Return to government	\$58,241,000	\$51,137,000	\$57,334,000	\$61,738,000	\$73,518,000	\$87,978,000

Job Creation and Economic Output

Purpose

This indicator measures the economic output and employment generated from our activities.

Target

There is no specific target other than to demonstrate tangible ways in which we contribute to the economy of NSW.

Results

Job creation and economic output are generated within the development and associated industries as a product of Landcom's activities. Accordingly, the following multiplier formulas are used to calculate employment and economic output generated as a function of Landcom's capital investment: the Australian Bureau of Statistics summarises the multipliers for output and employment in the construction industry. They show that for every \$1 million spent on construction output (houses, non-residential buildings, etc) in 1996/1997 a possible \$2.9 million in output would be generated in the economy as a whole, giving rise to 9 jobs in the construction industry (the initial employment effect) and 37 jobs in the economy as a whole from all effects.

See Table 4 below.

Table 4: Job creation and economic output

DESCRIPTION	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
Total number of jobs created through Landcom's activities	6,463	6,858	6,315	6,050	7,868	5,270
Total economic output generated from Landcom's activities	\$506,537,244	\$537,547,859	\$494,940,100	\$474,195,644	\$616,675,900	\$413,026,700

Governance

Corporate governance, risk management and compliance are key areas in which we measure our performance.

What we want to do	How we aim to do it	2009 target	Achieved
Achieve full regulatory compliance	• Achieve full compliance with relevant planning, environmental and health and safety legislation on all our projects	100%	100%
	• Conduct environmental audits on all civil works contractors during construction stages	100%	73%
	• Achieve a minimum score of 75% on all environmental audits	100%	88%
Use voluntary systems and standards to benchmark and improve our performance	• Comply with the requirements of AS/NZS ISO 14001:2004, the Australian/New Zealand standard for Environmental Management Systems	Certification to ISO14001	Recertified to ISO 14001
	• Comply with the Global Reporting Initiative (GRI) sustainability reporting framework to benchmark our performance and commitment to sustainable development	G3 B+	G3 B+
	• Achieve a minimum of 4.5 NABERS score to improve our energy and greenhouse gas emissions	4.5 NABERS score	3 (increased to 5 through GreenPower purchase)

Achieving full regulatory compliance

We aim to achieve full regulatory compliance and ensure that all our contractors do so too. Accordingly, we provide information about any regulatory non-compliance that may have resulted from our operations during the reporting period.

Regulatory Compliance:

This year 100% of our projects achieved full regulatory compliance with the Protection of the Environment Operations Act 1997 and other environmental, occupational health and safety, and planning legislation.

Environmental Audits:

There were 17 civil and builder environmental audits conducted on 67% (12 of a possible 18) of projects in progress during the year. The indicator target to achieve a minimum score of 75% on all environmental audits result is calculated by the sum of the builder and civil audit results, and the result is 88% this year. Of the eight civil works audits (73% of total civil works contracts), all contractors achieved a score greater than 75%. The remaining 27% of civil contracts that did not receive an audit is mostly attributable to the short-term nature or lesser value contracts let (less than \$250,000)²⁷. Nine audits were conducted with builders and 78% of the builders scored above 75%, including one who scored an impressive 100%. As in previous years, we continue to work with builders to improve and maintain these results.

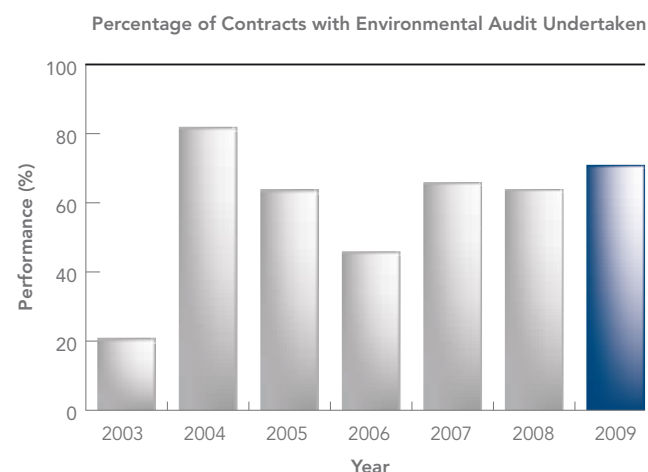
Occupation, Health and Safety (OH & S) Project Audits:

From July 2008 we implemented an occupational health and safety (OH & S) audit system which requires most civil or landscaping contractors to obtain audits directly. From that

point they became directly responsible for compliance and continuous improvement.

Landcom maintains that this approach will place the roles and responsibilities onto the parties most capable of delivering better and safer work practices. It will also drive long-term improvement in the industry through contractor ownership of audit activities. We continue to encourage contractors to seek independent third-party OH & S accreditation.

Since the commencement of the new contract requirements, OH & S audits have been recorded at The Ponds, Parkbridge and Potts Hill projects.



27 See Six year performance summary table - Note 7

Governance continued

How this will change

As mentioned, over the past 12 months we have moved from undertaking OH & S and environmental audits ourselves to transferring this responsibility to our contractors. Our compliance indicators have been reviewed accordingly and will reflect the new practice from next year.

In future, the focus for the revised indicator will be on reporting issues arising from our site management activities and include the number and type of immediate action requests issued to contractors.

Use voluntary systems and standards to benchmark and improve our performance

Landcom maintains its accredited Environmental Management System (EMS), which conforms to the requirements of AS/NZS ISO 14001:2004, the Australian / New Zealand standard for environmental management systems. Our EMS was first accredited in November 2000 and is independently verified by SAI-Global on an annual basis. One surveillance audit was conducted during the year, with Landcom continuing its accreditation under the ISO standard. The next triennial audit is scheduled for November 2009²⁸.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organisation that has developed a widely used sustainability reporting framework. Sustainability reports based on GRI are used to benchmark organisational performance, organisational commitment to sustainable development and to compare organisational performance over time. The core guidelines are in their third generation (G3) and were released in October 2006.

Not all of the GRI guidelines are relevant to Landcom's operations. Under the G3 guidelines, Landcom achieved a score of B+ on its 2008/2009 report. This score is achieved by scoring a minimum of 20 under the G3 reporting performance indicators, and at least one from each indicator category of economic, environmental, human rights, labour, society and product responsibility. The full GRI index can be found on Landcom's website²⁹. Contained in it is Landcom's response to each of the GRI indicators.

NABERS Energy for Offices

The Australian Building Greenhouse Rating (ABGR) tool has been incorporated into the NABERS performance-based rating system for existing buildings. NABERS rates a building on the basis of its measured operational impacts on the environment. The energy rating tool has been re-named NABERS Energy for Offices and is managed by the NSW Department of Environment and Climate Change.

Landcom rents its head office and regional office space. A recent energy audit of our head office in Parramatta determined that, based on current energy consumption and other relevant data on the tenancy such as net lettable area, occupancy hours and staff numbers, our head office has a rating of three stars under the NABERS scheme (excluding the additional Level 1 office space). This is an improvement on a similar study prepared using the ABGR rating tool in 2005, which rated our head office tenancy as 1.5 stars.

Landcom currently purchases 100% GreenPower for its head office in Parramatta and for our regional offices (excluding sales offices and the additional Level 1 office space at the head office).

This indicator will remain unchanged and we will continue to report our NABERS rating.

Promoting sustainability through our supply chain

We provide information on the number of tenders for development that require our private sector partners to adhere to particular sustainability criteria, and the total number of suppliers that possess pre-qualification based on sustainability criteria. The objective here is to encourage our industry partners to establish these practices with their other clients.

Landcom has three classes of prequalified contractors:

- Civil and landscaping contractors
- Project management service providers
- Project delivery agreement partners

Since last year's report, Landcom has re-tendered the supply of prequalified project management services and we are currently in the process of evaluating expression-of-interest submissions for both civil and landscape contractors. We received submissions from 54 civil and 34 landscaping contractors. We envisage this process will be completed by the time this report goes to print and will advise the outcome in next year's report.

Landcom engaged the following development partnering tenderers in the 2008/2009 financial year who addressed our sustainability criteria in their tender submission:

²⁸ An overview of Landcom's EMS is available at www.landcom.com/environmental-managementsystem

²⁹ Refer www.landcom.com.au/GRI_Index

Project	Successful tenderer
Department of Ageing, Disability and Homecare (DADHC)	Cosmopolitan Constructions, Procorp Group, Thatcher Homes Pty Ltd
Green Square Town Centre	Mirvac/Leighton Properties (preferred tenderer)
Parkbridge	Mirvac

How this will change

The focus of this indicator has been on our partnering arrangements and to a lesser extent, our ability to influence the behaviour of our contractors. The indicator will be increased in scope from July 2009 to enable us to report on opportunities to drive sustainable design, materials and practices in tenders and contracts. In future, we will be showcasing projects, policy, contracts and any other activities that we believe demonstrate leading practice in sustainability.

Engaging with stakeholders about how we report on sustainability

This indicator provides a qualitative description of the stakeholder engagement program we conduct in relation to our sustainability reporting. This year, we integrated our stakeholder engagement with Landcom's sustainability indicator review process.

During the year, we carried out a series of stakeholder consultation activities. We initially engaged a consultant to review our key sustainability issues with a view to matching them with our corresponding reportable performance indicators.

This process included formal engagement with Landcom staff and the Executive team through a series of workshops and questionnaires. The outcome informed our assessment of the material issues for Landcom and helped to identify changes in our core business since the inception of the indicators.

Following this, an updated set of proposed indicators was prepared and presented to Landcom's Project Review Panel³⁰ well as Landcom Board members and staff. Key stakeholder workshops were also held to consult further with industry groups.

The feedback and suggestions from this process were considered and the indicators and targets were revised as needed. They were then placed on public exhibition to obtain more community and stakeholder feedback.

All feedback was considered and amendments were made to the indicators where appropriate, with the final indicators endorsed by the Landcom Board and adopted by the Planning Minister in September 2009. Please refer to the section titled 'Raising the bar to a more sustainable future' of this report for more information on the indicator review process.

How this will change

While this indicator will remain largely unchanged, our stakeholder engagement processes will, in future, become more strategic through the development of a five-year stakeholder engagement strategy against which we will report each year.

Managing our risk

A full description of our risk management is provided under 'Governance – Achieving full regulatory compliance' of this report. This indicator remains unchanged.

³⁰ The Project Review Panel is an external panel of expert advisors who offer independent review and comment on Landcom projects and practices.

Independent assurance statement



To the Board, Executive and Stakeholders of Landcom:

Landcom commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of their 2008-2009 Annual Report (the report). The report presents Landcom's sustainability performance over the period 1 July 2008 to 30 June 2009. Landcom was responsible for the preparation of the report and this statement represents the assurance provider's independent opinion. Net Balance's responsibility in performing its assurance activities is to the Board and Executive of Landcom in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance Standard

The assurance was undertaken in accordance with the AA1000 2008 Assurance Standard (AA1000AS). Net Balance provided Type 2 moderate level of assurance in accordance with the AA1000AS (2008). This involved an assessment of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and an assessment of the accuracy and quality of the sustainability performance related information contained within the report. A full description of the Assurance standard and methodology is available at www.landcom.com.au/assurance.

Our Independence

Net Balance was not responsible for preparation of any part of the report. During the reporting period, Net Balance was commissioned by Landcom to undertake an internal review of key sustainability issues and the corresponding performance indicators. This work informed a larger project conducted by Landcom to develop new sustainability reporting indicators.

To maintain independence, the indicator review was undertaken by the Melbourne office of Net Balance, whilst the assurance engagement was undertaken by the Sydney office. Net Balance has strict procedures in place to ensure independence and partition of project teams at all times.

Findings and Conclusions

Adherence to AA1000 Principles

Inclusivity: How does the organisation include stakeholders in developing and achieving an accountable and strategic response to sustainability?

During the reporting year, Landcom undertook an extensive review of its sustainability indicators in consultation with internal and external stakeholders. This resulted in a revised set of indicators that better align to Landcom's core business, are reflective of stakeholder feedback and are geared to achieve further improvements in sustainability performance via the new stretch targets. The process for revising the indicators is discussed in detail in the report with the new indicators being utilised in the 2009-10 report.

Materiality: How does the organisation include in its report the material (most important) information required by its stakeholders to make informed judgements, decisions and actions?

Landcom has multiple processes in place to determine material issues across the organisation. The report was found to align with the outcomes of these processes and, as such, appropriately addresses Landcom's environmental, social and economic material issues. In addition, the review of sustainability indicators by stakeholders also included a review of material issues to ensure the indicators were relevant.

Responsiveness: How does the organisation respond to stakeholder concerns, policies and relevant standards and adequately communicate these in its report?

Net Balance tested the responsiveness of Landcom to its stakeholders through a review of management systems and policies that govern the way that Landcom responds to stakeholder concerns and interests. Landcom was found to be responsive to stakeholder concerns and expectations as demonstrated by the review of indicators and the inclusion of three key contractors in the assurance process.

Independent assurance statement continued

Reliability of Performance Information

Overall, it is Net Balance's opinion that the information presented within the report is fair and accurate. The report was found to be a reliable account of Landcom's sustainability performance during the reporting period. Detailed information on the reliability of performance information is available at www.landcom.com.au/assurance.

The Way Forward

Net Balance found the report appropriately addresses Landcom's environmental, social and economic material issues. To ensure that Landcom continues to improve, Net Balance recommends Landcom:

- Develops data management protocols that clearly state assumptions, boundaries, the projects to be included, calculations, and roles and responsibilities of data owners. This will improve the consistency in reporting indicators, reduce aggregation errors and improve the efficiency of reporting.
- Develops more detailed guidelines to help contractors provide consistent and quality data. Whilst the methodologies of contractors is generally sound, Net Balance recommends that Landcom provides civil works contractors with more guidance on the methodologies used to calculate data for indicators that requires estimations such as vegetation waste. This will ensure consistency of information reported between contractors year on year.
- More clearly differentiates between the indicators required to meet regulatory targets and indicators that demonstrate best practice and leadership within the sector. This will help demonstrate Landcom's leadership in sustainable housing developments.
- Provides further discussion on how it plans to address the tensions between providing affordable /moderate income housing and improving the sustainability performance of new housing.
- Provides further discussion on the selection and use of sustainable materials in new houses, which is an emerging material issue in this sector.

These recommendations have been outlined in a more detailed report presented to Landcom's Board and Executive.

On behalf of the assurance team

17 September 2009
Melbourne, Australia



Terence Jeyaretnam
Director,
Net Balance & Lead CSAP (IRCA UK)



AA1000
Licensed Assurance Provider
000-1

Independent auditor's report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Landcom

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Landcom (the Corporation), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

The Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Independent auditor's report continued

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



David Nolan
Director, Financial Audit Services

30 September 2009
SYDNEY

Directors' declaration

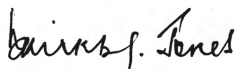
LANDCOM

DIRECTORS' DECLARATION

In the opinion of the Directors of Landcom:

- (a) The financial report:
 - (i) exhibits a true and fair view of the financial position of Landcom as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
 - (ii) complies with Australian Accounting Standards, AASB Interpretations and other mandatory and statutory reporting requirements including Part 3 of the *Public Finance and Audit Act 1983* and the associated requirements of the *Public Finance and Audit Regulation 2005*.
- (b) We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.
- (c) There are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors:



WILLIAM KIRBY-JONES, AM
Chairman



SEAN O'TOOLE
Managing Director

Income Statement

FOR THE YEAR ENDED 30 JUNE 2009

		2009	2008
	Notes	\$'000	\$'000
Continuing Operations			
Sales revenue		277,376	349,572
Cost of sales		(186,086)	(250,048)
Gross Profit		91,290	99,524
Other revenue	2(b)	1,924	5,435
Finance income	2(a)	9,985	4,744
Other operating expenses	5	(23,760)	(25,807)
(Loss)/gain on sale of land and building		(51)	92
Marketing expenses	3	(3,842)	(4,536)
Finance costs	7	(13,060)	(14,064)
Employee related expenses	4	(13,205)	(13,816)
Depreciation and amortisation expense	6	(739)	(1,112)
Change in fair value of investment property	14	-	(250)
Profit before income tax equivalent expense		48,542	50,210
Income tax equivalent expense	8	(15,329)	(15,124)
Net Profit for the year	23	33,213	35,086

The above Income Statement is to be read in conjunction with the attached notes to the financial statements.

Balance Sheet

AS AT 30 JUNE 2009

		2009	2008
	Notes	\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	9	117,213	173,065
Trade and other receivables	10	25,020	16,275
Inventories	11	172,506	139,651
Derivative asset	25	10	26
Other current assets	12	15,676	10,047
Total Current Assets		330,425	339,064
Non-Current Assets			
Trade and other receivables	10	16,277	24,383
Inventories	11	308,529	311,506
Property, plant and equipment	13	3,658	4,364
Investment properties	14	5,000	5,000
Intangible assets	15	289	47
Deferred tax assets	16	6,433	5,389
Other non-current assets	12	7,246	6,818
Total Non-Current Assets		347,432	357,507
TOTAL ASSETS		677,857	696,571
Liabilities			
Current Liabilities			
Trade and other payables	17	65,828	43,141
Borrowings	21	24,998	59,996
Current tax liabilities	18	4,709	5,812
Provisions	19	73,264	81,802
Total Current Liabilities		168,799	190,751
Non-Current Liabilities			
Trade and other payables	17	34,579	27,024
Borrowings	21	88,521	113,933
Provisions	19	36,517	4,789
Deferred tax liabilities	22	2,936	273
Total Non-Current Liabilities		162,553	146,019
TOTAL LIABILITIES		331,352	336,770
NET ASSETS		346,505	359,801
Equity			
Contributed capital	23	275,847	275,847
Asset revaluation reserve	23	498	702
Retained earnings	1.10/23	70,160	83,252
TOTAL EQUITY		346,505	359,801

The above Balance Sheet is to be read in conjunction with the attached notes to the financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2009

		2009	2008
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		310,001	422,265
Interest received		5,055	4,067
Payments to suppliers and employees		(249,789)	(260,068)
Income tax equivalent paid		(13,267)	(13,948)
Finance costs		(11,513)	(13,702)
Net cash flows from operating activities	24(b)	40,487	138,614
Cash flows from investing activities			
Payment for property, plant and equipment		(910)	(393)
Proceeds from sale of property, plant and equipment		584	481
Net cash flows (used in)/from investing activities		(326)	88
Cash flows from financing activities			
Repayment of borrowings		(60,000)	(30,000)
Dividends paid to NSW Treasury		(36,013)	(39,606)
Net cash flows used in financing activities		(96,013)	(69,606)
Net (decrease)/increase in cash and cash equivalents		(55,852)	69,096
Cash and cash equivalents at the beginning of period		173,065	103,969
Cash and cash equivalents at the end of period	24(a)	117,213	173,065

The above Cash Flow Statement is to be read in conjunction with the attached notes to the financial statements.

Statement of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2009

		2009	2008
	Notes	\$'000	\$'000
Profit for the period	23	33,213	35,086
Net increase in asset revaluation reserve		-	618
Transfer to profit or loss on disposal of non-current assets		11	-
Superannuation actuarial losses on defined benefit plans	20	(5,154)	(2,774)
Income tax on items taken directly to equity		1,546	832
Net expense recognised directly in equity		(3,597)	(1,324)
Total recognised income and expense for the period		29,616	33,762
Effects of changes in accounting policy			
Profit for the period as reported in 2008			33,144
Change of policy – superannuation actuarial losses	1.30		1,942
Restated profit for the period			35,086

The above Statement of Recognised Income and Expense is to be read in conjunction with the attached notes to the financial statements.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Reporting Entity

Landcom is a NSW statutory State Owned Corporation established on 1 January 2002 by the Landcom Corporation Act 2001 (the Act). Landcom is a for profit entity.

This financial report for the year ended 30 June 2009 has been authorised for issue by the Board on 28 September 2009.

Landcom undertakes and participates in residential, commercial, industrial and mixed development projects and provides advice and services related to urban development, on a commercial basis, to government agencies and others.

Landcom also provides management services to the Crown Lands Homesites Program.

1 Summary Of Significant Accounting Policies

1.1 Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with:

- the State Owned Corporations Act 1989;
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2005.

Property, plant and equipment and investment property are measured at 'fair value through profit or loss'. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency.

1.2 Statement of Compliance

The financial statements and notes comply with the Australian Accounting Standards, which include Australian Accounting Interpretations.

The accounting policies have been consistently applied, unless stated otherwise.

1.3 Revenue Recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable.

- i. Revenue from sale of land is recognised when the significant risks and rewards of ownership of the land have passed to the buyer and can be measured reliably. Specifically, with respect to property sales, the risk and rewards are considered passed to the buyer at the time of settlement.
- ii. Interest income is recognised as the interest accrues.
- iii. Management fees are based on the general principle that there is a right to be compensated for services rendered and it is probable that economic benefits will result and the income can be reliably measured.
- iv. Rental income is recognised in accordance with AASB 117 Leases on a straight-line basis over the term of the lease.

- v. Other income is based on the general principle that there is a right to be compensated for services rendered and it is possible that economic benefits will result and the revenue can be reliably measured.

1.4 Expenditure Recognition

Operating and working expenses are expensed in the year in which they are incurred. Where they are directly attributable to the management of construction contracts, a proportion is capitalised to land under development (works in progress) (refer to Note 1.8).

1.5 Employee Benefits

All liabilities for employee benefits are fully provided for in accordance with AASB 119 Employee Benefits (refer to Note 19). Employee benefits applicable to Landcom are shown below.

Salaries and annual leave

Liabilities for salaries and annual leave (including non-monetary benefits) are recognised and measured in respect of employees' services up to the reporting date at undiscounted nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Non-vesting sick leave

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in any reporting period.

Long service leave

Long service leave is measured on a nominal value basis and compared to present value calculated in accordance with AASB 119 Employee Benefits for all employees with 5 or more years of service in the public sector every three years. The provision is calculated using estimated future increases in salary rates including related on-costs. This is in accordance with NSW TC 09/04 Accounting for Long Service Leave and Annual Leave.

Superannuation

Pillar Administration advises Landcom of the level of liability for Landcom's superannuation commitments to its employees who are members of the various divisions of the scheme. The calculation of the superannuation position is based on actuarial reviews independent of Landcom's ongoing activities and involvement. The main drivers of the actuarial calculations are the level of investment return, salary inflation and CPI increases. Landcom has an obligation for the deferred benefit contribution which becomes payable on and after retirement of staff. Contribution is made to the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-contributory Superannuation Scheme (SANCS).

Amounts representing prepaid superannuation contributions are recognised as an asset. Amounts representing unfunded superannuation are recognised as a liability. At balance date, the decrease in prepaid contributions from the previous year has been recognised as superannuation expense.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 Summary Of Significant Accounting Policies (continued)

In 2008/09, New South Wales (NSW) Treasury mandated a change in policy for all NSW public sector agencies to recognise actuarial gains and losses immediately outside profit and loss in the year in which they occur. This change in policy must be applied retrospectively, as advised in NSW Treasury Circular NSW TC 09/01 Accounting for Superannuation. Refer to note 1.30.

Redundancy payments

The liability is based on the payments expected to be made as a result of restructures which have been formally advised, to employees and unions.

The outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate to have been recognised.

1.6 Insurance

Landcom carries a comprehensive range of insurances covering property, public liability, motor vehicles and other contingencies through the NSW Treasury Managed Fund of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience. These insurance policies are reviewed annually to ensure that they are adequate and were current at 30 June 2009. No major claims exist under these policies at 30 June 2009.

1.7 Leases

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of leased items, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The cost of improvement to or on leasehold property is capitalised and disclosed as leasehold improvements, and amortised over the unexpired period of the lease term or the estimated useful lives of the improvements, whichever is the shorter.

Lease incentives under a non-cancellable operating lease, like a rent-free period, is recognised as an asset (leasehold right) and as a liability (lease incentive) at the inception of the lease in an amount equal to the present value of the minimum lease payments. Leasehold right (asset) is amortised to rental expense on a straight-line basis over the term of the lease. Lease incentive (liability) is reduced by allocating lease rental payments between rental expenses and reduction of the liability at the beginning of the payment period until the end of the lease term.

1.8 Capitalisation of Expenses - Development Costs and Cost of Sales

Landcom charges all direct expenditure on development works to relevant projects. All operating expenditure is initially charged to and disclosed in the Income Statement when it is incurred. Some salary charges and related expenses are subsequently capitalised to projects together with other administrative overheads.

1.9 Income Tax Equivalent Expense

Landcom is subject to notional taxation in accordance with the State Owned Corporation Act 1989. From 1 July 2003, taxation liability has been assessed according to the Notional Tax Equivalent Regime of the NSW Treasury, which proposes, as far as practical, the adoption of the Commonwealth Income Tax Assessment Act 1936 (as amended) as the basis for determining taxation liability. Tax effect accounting has also been adopted from 1 July 2003.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

1.10 Dividends to the NSW Treasury

Landcom is required to pay dividends to the Consolidated Fund of NSW Treasury in accordance with the State Owned Corporations Act 1989 and as agreed in the Statement of Corporate Intent. For the year ended 30 June 2009, dividends

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 Summary Of Significant Accounting Policies (continued)

are calculated in accordance with TPP 02-3 Financial Distribution Policy for Government Businesses. The dividend payable of \$42.912 million is calculated based on 100% of profit after tax and adjusted for certain non-cash items of superannuation gains/losses and financial instrument fair value movements of \$1.479 million, and the balance is met out of retained earnings, and equates to a payment of 129% of profit after tax. As a result of the changed treatment of superannuation actuarial gains and losses (refer note 1.30), in the dividend calculation, there is no longer a need to adjust profit to exclude these gains/losses, as they are now recognised outside the Income Statement.

1.11 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- i. where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

1.12 Cash and Cash Equivalent

Cash comprises cash on hand and at the bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

1.13 Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Income Statement when impaired, derecognised, or through the amortisation process.

Short-term receivables with no stated interest rate are measured at transaction cost or face value.

Interest is charged on overdue settlement monies where agreed settlement dates are not met. The rate of interest applied varied during the year and is currently 10.94% (2008: 13.0%). Sales are made on varying terms, but generally on a 30-day exchange and 30-day settlement basis.

1.14 Inventories - Land Classification

Inventories comprise undeveloped land, work in progress and developed land. Undeveloped land with medium to long-term

development potential is classified as a non-current asset. Land is classified as work in progress while it is under development, that is, from the time contracts are signed for work to proceed.

Developed land is land which has been subdivided and registered on completion of all development activity. Developed land and works in progress that are expected to be sold within the next 12 months are classified as current and the balance is classified as non-current. As the process of development progresses, land projects are reclassified from undeveloped land to work in progress, then, on completion, to developed land for sale.

Landcom reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount in the accounts. Landcom capitalises costs associated with pursuing development opportunities. Where there is a likelihood that the project will not progress then previously capitalised costs are written off and recognised as an expense in the Income Statement.

1.15 Inventories - Land Valuation

All land is valued at the lower of cost or net realisable value. Cost includes acquisition, development and capitalised overhead. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.16 Land, Buildings (Sales Offices) and Leasehold Improvements

Land and buildings (sales offices) are revalued every 5 years in accordance with Treasury guidelines (see Note 1.22). The last revaluation was performed in June 2008 by a Landcom qualified valuer. These values were based on land and building sales in the areas in which the properties are located.

Sales office buildings are depreciated over 14 years.

Land is not a depreciable asset.

Leasehold improvements are valued at cost and amortised over the unexpired period of the lease term or the assets useful life, whichever is shorter.

1.17 Plant and Equipment

Plant and equipment are recorded at the cost of acquisition, plus major renovation or improvement costs, if any, and are shown at cost less accumulated depreciation and impairment. Depreciation on all plant and equipment is calculated on the basis of the useful life of the asset to Landcom using the straight line method. The written down value of plant and equipment as at 30 June 2009 approximates fair value. Plant and equipment costing \$500 and above individually are capitalised.

The following estimated useful lives are used in the calculation of depreciation for major items:

Computer equipment - 3 to 4 years

Office equipment - 5 to 25 years

Motor Vehicles - 8 years.

Impairment: The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 Summary Of Significant Accounting Policies (continued)

1.18 Trade and Other Payables

All trade payables are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Payables are recognised initially at fair value, usually based on transactional cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method. Short-term payables are measured at the original invoice amount where the effect of discounting is immaterial.

Amounts owing to suppliers are settled in accordance with the policy set out in the Treasurer's Directions. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. The Treasurer's Directions allow the Minister to award interest for late payment.

Landcom also holds monies in trust paid by prospective buyers of land, as either holding deposits or on exchange of contracts pending settlement.

1.19 Borrowings

All borrowings are recorded at face value net of any premium or discounts. Loans are not held for trading and are recognised at amortised cost using the effective interest method. Premiums and discounts are amortised over the life of the borrowings and charged to the Income Statement. Borrowing costs are recognised as an expense when incurred in accordance with Treasury's mandate to general Government sector agencies. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the amortisation process.

1.20 Derivatives

NSW Treasury Corporation has been contracted to manage Landcom's debt portfolio and enters into futures agreements on Landcom's behalf. This type of derivative financial instrument is recognised in the financial statements on inception at fair value and is subsequently remeasured to fair value at each reporting date. The net amount receivable/payable and any gains/losses incurred are recognised in the Balance Sheet and Income Statement respectively.

1.21 Financial Instruments

Financial instruments give rise to positions that are a financial asset of either Landcom or its counterparts and a financial liability (or equity instrument) of the other party. For Landcom, these include cash assets, receivables, payables and borrowings.

Information is disclosed in Note 25, in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried at net fair value unless otherwise stated.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the

amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that Landcom manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 Summary Of Significant Accounting Policies (continued)

or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

Landcom derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Landcom neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Landcom recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Landcom retains substantially all the risks and rewards of ownership of a transferred financial asset, Landcom continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

Landcom derecognises a financial liability only when the obligation under the liability is discharged or cancelled or expires.

1.22 Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the indicator of which is depreciated replacement cost.

Landcom revalues land and buildings at least every 5 years or with sufficient regularity to ensure that the carrying amount of each asset in the asset class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2008 and was based on an internal assessment.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of the same asset previously recognised as an expense in the Income Statement, the increment is recognised immediately as revenue in the Income Statement.

Revaluation decrements are recognised immediately as expenses in the Income Statement, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same asset, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against each individual asset and not within a class of assets.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

1.23 Provisions

Provisions are recognised when Landcom has a present obligation (legal or constructive) as a result of a past event, it is probable that Landcom will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The provision to complete projects captures all unpaid development costs which were included in the original land development schedule. It is raised as an estimate based on known costs at the time when the land is ready for sales release. The provision also includes the value of works completed at 30 June 2009 of any performance building contracts entered into by Landcom.

Provisions for future rectification works relate to any matter outstanding on Landcom projects which have for all intents and purposes been completed. These provisions were originally raised as an estimate of remedial works required on completed projects for which the New South Wales Land and Housing Corporation was responsible prior to the transfer of the former Landcom on 1 July 1993. All future costs that may result in connection with these completed projects are recognised as provisions.

Provision for rebates is recognised when a lot is sold. As part of the conditions of sale, Landcom may be committed to make a payment to the purchaser provided certain design criteria are met and applied for within specified period by the purchaser,

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 Summary Of Significant Accounting Policies (continued)

usually between 12-24 months. This payment represents reimbursement for additional costs incurred by the purchaser in complying with the design criteria set by Landcom. If the time value of money is material, provisions are discounted at the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

1.24 Intangible Assets

Computer software costs (licences) and website costs are treated as intangible assets. The useful lives of these intangible assets were estimated as finite and the cost method was utilised for their measurement. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for Landcom's intangible assets, the assets are carried at cost less any accumulated amortisation. Intangible assets are tested for impairment where an indicator of impairment exists. Amortisation is charged on a straight-line basis over the estimated useful lives.

The following estimated useful lives are used in the calculation of amortisation for intangible assets:

Computer software: 4 years

Website cost: 5 years

1.25 Recoverable Amount of Assets

At each reporting date, Landcom assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Landcom makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

1.26 Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that Landcom will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Income Statement.

Any reversals of impairment losses are reversed through the Income Statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

1.27 Other Current Assets

Other current assets represent prepayment of expenditure which is recognised on a cost basis. These amounts are recognised in the Income Statement on a straight-line basis except where another systematic basis is more representative

of the time pattern in which economic benefits from the prepayments are consumed.

1.28 Deferred Expenditure

Landcom has deferred expenditure to the extent that it is probable that future economic benefit embodied in the expenditure will eventuate in a future period and can be measured reliably. Deferred expenditure items include participation fees and development costs associated with a Participation Agreement and are amortised over the period that the future economic benefits will be received.

1.29 Comparatives

No comparative figures had to be repositioned or reclassified in the financial statements to conform with the basis of presentation and classification used in the current year except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

1.30 Change in Accounting Policy

According with NSW Treasury policy, the entity has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the Statement of Recognised Income and Expense. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 Employee Benefits.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 Whole of Government and General Government Sector Financial Reporting. A comprehensive income presentation will also be available at the entity level from 2009/10 under AASB 101 Presentation of Financial Statements.

The change in accounting policy increases 2008 'profit for the period' from \$33,144,000 to \$35,086,000, by excluding from profit the superannuation actuarial loss line item \$2,774,000 along with the associated and offsetting income tax revenue \$832,000. Both these items are now recognised in the Statement of Recognised Income and Expense rather than the Income Statement.

1.31 Accounting Standards/Interpretations Issued but not yet Effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the entity's financial report:

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 Summary Of Significant Accounting Policies (continued)

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of Landcom.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' (revised) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010
AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners'	1 July 2009	30 June 2010
IFRIC 18 'Transfers of Assets from Customers'	1 July 2009	30 June 2010
AASB 2009-2 'Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments'	Applies to Annual reporting periods beginning on or after 1 January 2009 and end on or after 30 April 2009.	30 June 2010
Interpretation 15 'Agreements for the Construction of Real Estate'	Applies retrospectively to annual reporting periods beginning on or after 1 January 2009.	30 June 2010

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
2(a) Finance Income		
Interest from bank	3,693	3,101
Interest from investment	1,240	714
Interest from loan receivable	20	15
Unwinding of the discount rate	5,007	694
Interest from late settlement	102	194
Unrealised (loss)/gain on derivative asset	(77)	26
	9,985	4,744
2(b) Other Revenue		
Management fee – Crown Lands Homesites Program	732	1,663
Other management fees	-	2,992
Rental income	565	375
Other	627	405
	1,924	5,435
3 Marketing Expenses		
Advertising	3,219	3,961
Sales contractors and commission	301	175
Other	322	400
	3,842	4,536
4 Employee Related Expenses		
Salaries and wages	14,354	14,355
Superannuation – defined benefit plans*	237	137
Superannuation – defined contribution plans	1,167	1,194
Long service leave	693	568
Annual leave	1,034	1,229
Workers' compensation insurance	54	83
Payroll tax and fringe benefits tax	1,078	1,176
Other employee related expenses	691	616
	19,308	19,358
Transfer of capital costs to inventories	(6,103)	(5,542)
	13,205	13,816

* Refer Note 20. Superannuation actuarial losses of \$5,154,000 (2008: \$2,774,000) are recognised in the Statement of Recognised Income and Expense. Total superannuation expense, including actuarial losses recognised in the Statement of Recognised Income and Expense is \$5,391,000 (2008: \$2,911,000).

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
5 Other Operating Expenses		
Auditor's remuneration – audit of financial statements	205	172
Operating lease rental expense – minimum lease payments	1,347	1,229
Maintenance	755	413
Insurance	95	136
General administrative costs	6,165	9,606
Council rates	1,622	2,482
Land tax	8,564	7,796
Project costs written off	7,182	5,571
Property and accommodation expenses	318	537
Consultancy fees	210	76
Bad debts provided for	3	20
Unrealised loss on assets revaluation	-	226
	26,466	28,264
Transfer of capital costs to inventories	(2,706)	(2,457)
	23,760	25,807

6 Depreciation And Amortisation Expense

Buildings	59	113
Leasehold improvements	233	488
Plant and equipment	326	409
Intangible assets	101	91
Motor vehicles	20	11
	739	1,112

7 Finance Costs

Interest	9,212	11,907
Unwinding of the discount rate	2,664	906
Amortisation of loan premium	(409)	(392)
Government guarantee fee	1,593	1,643
	13,060	14,064

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000

8 Income Tax

Income tax expense recognised in the Income Statement

The major components of income tax expense for the years ended 30 June 2009 and 2008 are:

Current income tax charge	11,847	16,413
Adjustments for prior years	317	217
Deferred income tax		
Origination and reversal of temporary differences	3,165	(1,506)
Income tax expense reported in the Income Statement	15,329	15,124

Deferred income tax (revenue)/expense included in income tax expense comprises:

Decrease/(increase) in deferred tax assets	502	(1,368)
(Decrease)/increase in deferred tax liabilities	2,663	(138)
	3,165	(1,506)

Income tax expense recognised directly in equity

Deferred income tax related to items charged or credited directly to equity:

Asset revaluation reserve	-	195
Superannuation actuarial loss	(1,546)	(832)
Income tax expense reported in equity	(1,546)	(637)

A reconciliation between tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the entity's effective income tax rate:

Accounting profit before income tax	48,542	50,210
At the statutory income tax rate of 30% (2008: 30%)	14,562	15,063
Deductions not allowable for income tax purposes	27	4
Recognition of temporary differences	423	(160)
Under-provided in prior years	317	217
Income tax expense reported in the Income Statement	15,329	15,124

9 Cash And Cash Equivalents

Cash at bank and on hand	117,213	173,065
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Included in the cash and cash equivalents is restricted cash of \$1.334 million (2008 \$3.453 million). These funds are held as security deposits for various projects.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
10 Trade And Other Receivables		
Current		
Trade receivables	21,284	12,874
Allowance for doubtful debts	(3)	-
Development bonds	1,751	1,519
Other receivable	1,988	1,882
	25,020	16,275
Non-current		
Trade receivables	15,000	23,141
Loan receivables	1,277	1,242
	16,277	24,383
<p>The non-current trade receivables of \$15.000 million (2008: \$23.141 million) included deferral of payment for sale of land for the project at Wolli Creek of \$12.230 million (2008: \$13.893 million), Nil receivable for land sold at Prince Henry (2008: \$0.610 million), Nil receivable from Department of Community Services for development at Renwick (2008: \$6.985 million) and Green Square \$2.770 million (2008: \$1.653 million).</p> <p>Non-current loan receivables represents second mortgages with purchasers of properties sold at Stanhope Gardens amounting to \$1.277 million (2008: \$1.242 million) as part of Landcom's moderate income housing programme. The second mortgages must be repaid within 10 years or on sale of the properties, whichever comes first.</p>		
11 Inventories		
Current		
Work in progress	144,635	104,923
Developed land	27,871	34,728
	172,506	139,651
Non-current		
Work in progress	58,532	97,178
Undeveloped land	249,997	214,328
	308,529	311,506
Total	481,035	451,157
Details of inventories:		
Acquisition costs	269,109	276,235
Development costs	165,052	135,099
Other costs	46,874	39,823
	481,035	451,157

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
12 Other		
Current		
Prepayments	15,676	10,047
	15,676	10,047
Non-current		
Deferred expenditure	7,246	6,818
	7,246	6,818
13 Property, Plant And Equipment		
Land		
At fair value	1,136	1,545
Buildings		
At gross carrying amount	729	950
Accumulated depreciation	(132)	(83)
Net carrying amount at fair value	597	867
Leasehold improvements		
At gross carrying amount	3,922	3,714
Accumulated depreciation	(3,405)	(3,174)
Net carrying amount at fair value	517	540
Motor vehicles		
At gross carrying amount	293	105
Accumulated depreciation	(32)	(12)
Net carrying amount at fair value	261	93
Plant and equipment		
At gross carrying amount	3,975	3,832
Accumulated depreciation	(2,828)	(2,513)
Net carrying amount at fair value	1,147	1,319
Total net carrying amount	3,658	4,364

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

13 Property, Plant And Equipment (continued)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

2009	Land at fair value	Buildings at fair value	Leasehold improvements at fair value	Motor vehicles at fair value	Plant & equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at the start of year	1,545	867	540	93	1,319	4,364
Additions	-	-	210	188	170	568
Disposals	(409)	(211)	-	-	(16)	(636)
Depreciation expense	-	(59)	(233)	(20)	(326)	(638)
Net carrying amount at the end of the year	1,136	597	517	261	1,147	3,658

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

2008	Land at fair value	Buildings at fair value	Leasehold improvements at fair value	Motor vehicles at fair value	Plant & equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at the start of year	974	1,288	1,049	47	1,462	4,820
Additions	-	-	44	57	266	367
Disposals	(185)	(139)	(65)	-	-	(389)
Depreciation expense	-	(113)	(488)	(11)	(409)	(1,021)
Increment/(decrement) on revaluation	756	(169)	-	-	-	587
Net carrying amount at the end of the year	1,545	867	540	93	1,319	4,364

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
14 Investment Properties		
Fair value		
Opening balance as at 1 July	5,000	5,250
Net loss from fair value adjustment	-	(250)
	5,000	5,000

During the current financial year the investment property was valued at fair value at \$6.25 million (2008: \$5.00 million) by LandMark White (2008: M J Davis Valuations Pty Ltd), an independent, professionally qualified valuer with recent experience in the location and category of the investment properties using the direct comparison and capitalisation of net market income methods.

The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The directors however, are of the view that the valuation is for a special purpose sale and if the sale does not proceed then the carrying value of the investment property represents its fair value considering the current economic climate.

15 Intangible Assets

Computer software and website		
Gross carrying amount		
Balance as at 1 July	3,347	3,347
Additions	343	-
Closing balance as at 30 June	3,690	3,347
Accumulated amortisation and impairment		
Opening balance as at 1 July	3,300	3,209
Amortisation expense and impairment	101	91
Closing balance as at 30 June	3,401	3,300
Net carrying amount at end of year	289	47

16 Deferred Tax Assets

The balance comprises temporary differences attributable to:

Depreciation	-	253
Provisions	4,636	2,885
Sundry	6	685
Fair value adjustments	1,791	1,566
	6,433	5,389
Movements		
Opening balance as at 1 July	5,389	3,384
Credited/(charge) to the income statement	(502)	1,368
Credited to equity	1,546	637
Closing balance as at 30 June	6,433	5,389

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
17 Trade And Other Payables		
Current		
Trade payables	10,318	12,473
Security deposits received	23,568	4,477
Bonds and deposits held	4,744	5,739
Accrued expenses	27,056	14,883
Retentions	142	717
Land tax equivalent	-	4,852
	65,828	43,141
Non-current		
Trade payables	-	455
Security deposits received	34,579	26,569
	34,579	27,024
18 Current Tax Liabilities		
Opening balance as at 1 July	5,812	3,296
Income tax expense	15,329	15,124
Movement in deferred tax assets and (liabilities)	(3,165)	1,340
Tax payment	(13,267)	(13,948)
	4,709	5,812
19 Provisions		
(a) Employee benefits – current		
Provision for annual leave	1,299	1,465
Provision for long service leave		
- Expected to be settled within 12 months	370	243
- Expected to be settled after 12 months	3,333	3,116
Provision for superannuation liability	7,171	2,308
Accrued on-costs	700	626
Other	-	109
	12,873	7,867
(b) Employee benefits – non-current		
Provision for long service leave	195	173
Accrued on-costs	25	23
	220	196
Total employee benefits	13,093	8,063

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
19 Provisions (continued)		
(c) Other provisions – current		
Provision to complete projects	14,349	32,037
Provision for rebates	3,130	2,889
Provision for distribution to NSW Treasury	42,912	36,013
Provision for future rectification works	-	2,996
	60,391	73,935
(d) Other provisions – non-current		
Provision to complete projects	36,297	4,593
	36,297	4,593
Total current and non-current provisions		
Current provisions	73,264	81,802
Non-current provisions	36,517	4,789
	109,781	86,591

Reconciliations of the carrying amount of each class of provision are set out below:

Employee benefits

2009	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	(1,465)	(3,532)	(2,308)	(649)	(109)	(8,063)
Additional provisions recognised	(1,034)	(693)	(5,290)	(114)	1	(7,130)
Amounts used during the year	1,200	327	427	38	108	2,100
Carrying amount at end of the year	(1,299)	(3,898)	(7,171)	(725)	-	(13,093)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

19 Provisions (continued)

2008	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	(1,485)	(3,253)	(30)	(523)	(104)	(5,395)
Additional provisions recognised	(1,229)	(568)	(2,791)	(153)	(5)	(4,746)
Amounts used during the year	1,249	289	513	27	-	2,078
Carrying amount at end of the year	(1,465)	(3,532)	(2,308)	(649)	(109)	(8,063)

Other provisions

2009	Provision for distribution to NSW Treasury	Provision for rectification works	Provision for rebates	Provision to complete projects	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of year	(36,013)	(2,996)	(2,889)	(36,630)	(78,528)
Additional provisions recognised	(42,912)	(904)	(1,193)	(27,336)	(72,345)
Reductions in provisions from payments	36,013	3,900	952	10,030	50,895
Reductions in provisions from re-measurement	-	-	-	3,290	3,290
Carrying amount at end of year	(42,912)	-	(3,130)	(50,646)	(96,688)

2008	Provision for distribution to NSW Treasury	Provision for rectification works	Provision for rebates	Provision to complete projects	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of year	(39,606)	(2,440)	(1,366)	(26,838)	(70,250)
Additional provisions recognised	(36,013)	(556)	(2,471)	(23,814)	(62,854)
Reductions in provisions from payments	39,606	-	948	10,664	51,218
Reductions in provisions from re-measurement	-	-	-	3,358	3,358
Carrying amount at end of year	(36,013)	(2,996)	(2,889)	(36,630)	(78,528)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation

Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).
- State Superannuation Scheme (SSS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Superannuation position as at 30 June 2009

	SASS	SANCS	SSS	TOTAL
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
Member numbers				
Contributors	19	30	11	
Deferred benefits	-	-	1	
Pensioners	-	-	7	
Pensions fully commuted	-	-	2	
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	6,496	1,460	15,395	23,351
Estimated reserve account balance	(4,871)	(1,011)	(10,298)	(16,180)
	1,625	449	5,097	7,171
Future Service Liability (Note 1)	(1,441)	(666)	(960)	(3,067)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in Balance Sheet	1,625	449	5,097	7,171

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119 Employee Benefits, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

	SASS 30-Jun-09 \$'000	SANCS 30-Jun-09 \$'000	SSS 30-Jun-09 \$'000	Total 30-Jun-09 \$'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligation at beginning of the year	6,358	1,359	12,372	20,089
Current service cost	212	73	101	386
Interest cost	409	85	801	1,295
Contributions by Fund participants	123	-	152	275
Actuarial (gains)/losses	(328)	41	2,372	2,085
Benefits paid	(278)	(98)	(403)	(779)
Present value of partly funded defined benefit obligation at end of the year	6,496	1,460	15,395	23,351
Reconciliation of the fair value of Fund asset				
Fair value of Fund assets at beginning of the year	5,417	1,136	11,228	17,781
Expected return on Fund assets	441	91	912	1,444
Actuarial losses	(1,054)	(201)	(1,814)	(3,069)
Employer contributions	222	83	223	528
Contributions by Fund participants	123	-	152	275
Benefits paid	(278)	(98)	(403)	(779)
Fair value of Fund assets at end of the year	4,871	1,011	10,298	16,180
Reconciliation of the assets and liabilities recognised in the Balance Sheet				
Present value of partly funded defined benefit obligation at end of year	6,496	1,460	15,395	23,351
Fair value of Fund assets at end of year	(4,871)	(1,011)	(10,298)	(16,180)
Subtotal	1,625	449	5,097	7,171
Net liability recognised in Balance Sheet at end of year	1,625	449	5,097	7,171
Components recognised in Income Statement				
Current service cost	212	73	101	386
Interest cost	409	85	801	1,295
Expected return on Fund assets (net of expenses)	(441)	(91)	(912)	(1,444)
Actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	180	67	(10)	237

The superannuation expense recognised in the Income Statement is included in the line item Employee related expenses. Superannuation actuarial losses of \$5,154,000 (2008: 2,774,000) are separately identified in the Statement of Recognised Income and Expense.

The cumulative amount of actuarial losses recognised in the Statement of Recognised Income and Expense since 1 July 2004 is \$4,842,658.

Before, 1 July 2004 and the adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS), it is not practical to determine the cumulative actuarial gain/loss as if the new policy had always been applied, given that the actuarial gains and losses were not separately identified and accumulated, and the superannuation expense was calculated on a different basis.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the statement of recognised income and expense				
Actuarial losses	726	242	4,186	5,154
Adjustment for limit on net asset	-	-	-	-
Cumulative amount recognised in the statement of recognised income and expense				
Cumulative amount of actuarial losses	975	263	3,605	4,843
Cumulative adjustment for limitation on net asset	-	-	-	-

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-09
Australian equities	32.1%
Overseas equities	26.0%
Australian fixed interest securities	6.2%
Overseas fixed interest securities	4.7%
Property	10.0%
Cash	8.0%
Other	13.0%

Fair value of Fund assets

All Fund assets are invested by the SAS Trustee Corporation (STC) at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(545)	(109)	(1,134)	(1,788)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

b) Economic assumptions

	30-June-09
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.13% pa
Expected rate of return on assets backing other liabilities	-
Discount rate	5.59% pa

c) Demographic assumptions

The demographic assumptions at 30 June 2009 are those used in the 2006 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in the Parliament in December 2009.

	SASS 30-Jun-09 \$'000	SANCS 30-Jun-09 \$'000	SSS 30-Jun-09 \$'000	Total 30-Jun-09 \$'000
Historical information				
Present value of defined benefit obligation	6,496	1,460	15,395	23,351
Fair value of Fund assets	(4,871)	(1,011)	(10,298)	(16,180)
Deficit in Fund	1,625	449	5,097	7,171
Experience adjustments – Fund liabilities	(328)	41	2,372	2,085
Experience adjustments – Fund assets	1,054	201	1,814	3,069
Expected contributions				
Expected employer contributions to be paid in the next reporting period	233	86	245	564
Funding arrangements for employer contributions				

a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	5,984	1,321	11,000	18,305
Net market value of Fund assets	(4,871)	(1,011)	(10,298)	(16,180)
Net deficit	1,113	310	702	2,125

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.9	2.5	1.6

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities 8.3% pa

Expected rate of return on Fund assets backing other liabilities 7.3% pa

Expected salary increase rate 4.0% pa

Expected rate of CPI increase 2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

The SAS Trustee Corporation through the fund's actuary has determined that unfunded superannuation contributions as at 30 June 2009 for the SASS, the SANCS and the SSS was estimated at \$7.171 million (2008 prepaid superannuation contributions \$2.308 million).

Superannuation position as at 30 June 2008

	SASS 30-Jun-08	SANCS 30-Jun-08	SSS 30-Jun-08	TOTAL 30-Jun-08
Member numbers				
Contributors	21	33	12	
Deferred benefits	-	-	1	
Pensioners	-	-	6	
Pensions fully commuted	-	-	2	
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	6,358	1,359	12,372	20,089
Estimated reserve account balance	(5,417)	(1,136)	(11,228)	(17,781)
	941	223	1,144	2,308
Future Service Liability (Note 1)	(1,419)	(589)	(720)	(2,728)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in Balance Sheet	941	223	1,144	2,308

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119 Employee Benefits, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

	SASS 30-Jun-09 \$'000	SANCS 30-Jun-09 \$'000	SSS 30-Jun-09 \$'000	Total 30-Jun-09 \$'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligations at beginning of the year	5,955	1,297	12,216	19,468
Current service cost	200	74	151	425
Interest cost	373	81	774	1,228
Contributions by fund participants	116	-	157	273
Actuarial losses/(gains)	144	61	(231)	(26)
Benefits paid	(430)	(154)	(695)	(1,279)
Present value of partly funded defined benefit obligation at end of the year	6,358	1,359	12,372	20,089
Reconciliation of the fair value of fund				
Fair value of Fund assets at beginning of the year	5,768	1,285	12,445	19,498
Expected return on fund assets	442	103	971	1,516
Actuarial losses	(705)	(185)	(1,909)	(2,799)
Employer contributions	226	87	259	572
Contributions by Fund participants	116	-	157	273
Benefits paid	(430)	(154)	(695)	(1,279)
Fair value of Fund assets at end of the year	5,417	1,136	11,228	17,781
Reconciliation of the assets and liabilities recognised in the Balance Sheet				
Present value of partly funded defined benefit obligations at end of year	6,358	1,359	12,372	20,089
Fair value of fund assets at end of year	(5,417)	(1,136)	(11,228)	(17,781)
Subtotal	941	223	1,144	2,308
Net liability recognised in Balance Sheet at end of year	941	223	1,144	2,308
Components recognised in Income Statement				
Current service cost	200	74	151	425
Interest cost	373	81	774	1,228
Expected return on Fund assets (net of expenses)	(442)	(103)	(971)	(1,516)
Actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	131	52	(46)	137

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

	SASS	SANCS	SSS	TOTAL
	30-Jun-08	30-Jun-08	30-Jun-08	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the statement of recognised income and expense				
Actuarial losses	849	246	1,679	2,774
Adjustment for limit on net asset	-	-	-	-
Cumulative amount recognised in the statement of recognised income and expense				
Cumulative amount of actuarial losses/(gains)	249	21	(581)	(311)
Cumulative adjustment for limitation on net asset	-	-	-	-

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-08
Australian equities	31.6%
Overseas equities	25.4%
Australian fixed interest securities	7.4%
Overseas fixed interest securities	7.5%
Property	11.0%
Cash	6.1%
Other	11.0%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(383)	(82)	(802)	(1,267)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

b) Economic assumptions

30-Jun-08

Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.3% pa
Expected rate of return on assets backing other liabilities	7.3% pa
Discount rate	6.55% pa

c) Demographic assumptions

The demographic assumptions at 30 June 2008 were those used in the 2006 triennial actuarial valuation. These are the same assumptions used in the current 2008-2009 reporting year.

	SASS 30-Jun-08 \$'000	SANCS 30-Jun-08 \$'000	SSS 30-Jun-08 \$'000	Total 30-Jun-08 \$'000
Historical information				
Present value of defined benefit obligation	6,358	1,359	12,372	20,089
Fair value of Fund assets	(5,417)	(1,136)	(11,228)	(17,781)
Deficit in Fund	941	223	1,144	2,308
Experience adjustments – Fund liabilities	144	61	(231)	(26)
Experience adjustments – Fund assets	705	185	1,909	2,799
Expected contributions				
Expected employer contributions	220	86	251	557

Funding arrangements for employer contributions

a) Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	6,349	1,366	11,430	19,145
Net market value of Fund assets	(5,417)	(1,136)	(11,228)	(17,781)
Net deficit	932	230	202	1,364

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	1.60

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

e) Historical experience

The history of experience adjustments is as follows:

SASS	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Historical information					
Present value of defined benefit obligation	6,496	6,358	5,955	5,544	3,289
Fair value of Fund assets	(4,871)	(5,417)	(5,768)	(5,038)	(3,139)
Deficit in Fund	1,625	941	187	506	150
Experience adjustments – Fund liabilities	(328)	144	37	39	195
Experience adjustments – Fund assets	1,054	705	(293)	(441)	(138)
SANCS	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Historical information					
Present value of defined benefit obligation	1,460	1,359	1,297	1,241	1,178
Fair value of Fund assets	(1,011)	(1,136)	(1,285)	(1,099)	(1,152)
Deficit in Fund	449	223	12	142	26
Experience adjustments – Fund liabilities	41	61	(39)	(63)	77
Experience adjustments – Fund assets	201	185	(69)	(83)	(48)
SSS	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Historical information					
Present value of defined benefit obligation	15,395	12,372	12,216	12,196	10,780
Fair value of Fund assets	(10,298)	(11,228)	(12,445)	(10,808)	(6,066)
Deficit/(surplus) in Fund	5,097	1,144	(229)	1,388	4,714
Experience adjustments – Fund liabilities	2,372	(231)	(664)	(1,397)	1,801
Experience adjustments – Fund assets	1,814	1,909	(768)	(904)	(328)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
21 Borrowings		
Current		
Unsecured loans at face value (i)	25,000	60,000
Unamortised premiums	(2)	(4)
Total current borrowings	24,998	59,996
Non-current		
Unsecured loans at face value (i)	87,907	112,907
Unamortised discounts	614	1,026
Total non-current borrowings	88,521	113,933
Repayment of borrowings		
Not later than 1 year	24,998	59,996
Between 1 and 5 years	88,521	113,933
Total borrowings	113,519	173,929

Summary of borrowing arrangements:

(i) Fixed rate loans with NSW Treasury Corporation (TCorp) with maturity periods not exceeding 3 years (2008: 4 years). The weighted average interest rate is 6.44% p.a. (2008: 6.22% p.a.).

(ii) Unused facilities available from TCorp's "Come and Go" facilities are \$30 million (2008: \$30 million).

22 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Fair value adjustments	1,225	273
Depreciation and amortisation	14	-
Prepayments	1,697	-
	2,936	273
Movements		
Opening balance at 1 July	273	411
Charge to the Income Statement	2,663	(138)
Debited to equity	-	-
Closing balance as at 30 June	2,936	273

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

23 Changes In Equity

	Contributed capital		Asset revaluation reserve		Retained earnings		Total equity	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	275,847	275,847	702	218	83,252	85,987	359,801	362,052
<u>Changes in equity – other than transactions with owners as owners</u>								
Net profit for the year	-	-	-	-	33,213	35,086	33,213	35,086
Superannuation actuarial losses on defined benefit plans	-	-	-	-	(5,154)	(2,774)	(5,154)	(2,774)
Income tax on items taken directly to equity	-	-	-	-	1,546	832	1,546	832
Dividends to NSW Treasury	-	-	-	-	(42,912)	(36,013)	(42,912)	(36,013)
Increment on revaluation of land and buildings	-	-	-	618	-	-	-	618
<u>Transfers within equity</u>								
Asset revaluation reserve transferred to retained earnings on disposal of assets	-	-	(204)	(134)	215	134	11	-
Balance at the end of the financial year	275,847	275,847	498	702	70,160	83,252	346,505	359,801

- Contributed capital comprises capital and contributed assets acquired free of charge.
- The asset revaluation reserve is used to record increments and decrements on the revaluation of physical non-current assets. When a revalued non-current asset is sold, that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000

24 Cash Flow Statement

- (a) For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash in bank and cash on hand. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents (see note 9)	117,213	173,065
(b) Reconciliation from the net profit after tax to the net cash flows from operations:		
Net profit for the year	33,213	35,086
Depreciation and amortisation	739	1,112
Loss/ (profit) from sale of property	51	(92)
Bad debts	3	20
Amortisation of loan premiums	(409)	(392)
Unwinding of discount rate income and expense	(2,343)	212
Unrealised loss on assets revaluation	-	226
Change in fair value of investment property	-	250
Change in assets and liabilities		
Increase in provisions	11,136	14,569
Increase/(decrease) in payables	36,138	(8,580)
(Increase)/decrease in receivables	(2,119)	40,191
(Increase)/decrease in inventory and other assets	(35,922)	56,012
Net cash flows from operating activities	40,487	138,614

- (c) Landcom has access to financing facilities at reporting date as indicated in Note 21. Landcom expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

25 Financial Instruments

(This note is to be read in conjunction with Note 1.21)

Landcom's principal financial instruments and risks are outlined below together with its processes for managing risk. These financial instruments arise directly from its operations. It does not enter into or trade in financial instruments including derivative financial instruments for speculative purposes.

The Audit and Risk Management Committee has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Landcom to set the risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee on a continuous basis.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2009 \$'000	Carrying amount 2008 \$'000
Class				
Cash and cash equivalents	9	N/A	117,213	173,065
Trade and other receivables	10	Loans and receivables (at amortised cost)	41,083	39,214

Financial liabilities				
Class				
Trade and other payables	17	Financial liabilities measured at amortised cost	97,889	66,595
Borrowings	21	Financial liabilities measured at amortised cost	113,519	173,929

Note:

This analysis excludes statutory receivables and payables, prepayments and unearned revenue as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

(a) Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. Landcom's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

There is no significant concentration of credit risk arising in respect of receivables.

Cash comprises cash on hand and at the bank. Interest is earned on daily bank balances.

All trade debtors are recognised as amounts receivable at balance date and are reviewed regularly for collectibility on an ongoing basis. An allowance for doubtful debts of \$3,000 has been raised against trade debtors. No interest is earned on trade debtors.

The only financial assets that are past due or impaired are in the 'receivables' category of the Balance Sheet.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2009			
< 3 months overdue	5,474	5,474	-
3 months – 6 months overdue	196	196	-
> 6 months overdue	464	461	3
2008			
< 3 months overdue	80	80	-
3 months – 6 months overdue	2	2	-
> 6 months overdue	1,048	1,048	-

Note:

This analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

Landcom has given bank guarantees to various Councils/Government agencies that certain infrastructure works will be carried out including electrical infrastructure works, construction of community centre, etc. The maximum exposure to credit risk of these bank guarantees is \$6.78 million (2008: \$6.95 million).

(b) Liquidity risk

Liquidity risk arises if Landcom is unable to meet its payment obligations when they fall due. During the current and prior years there were no defaults or breaches on any loans payable or borrowings. No asset has been pledged as collateral. Exposure to liquidity risk is deemed insignificant.

The table below summarises the maturity profile of Landcom's financial liabilities and interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Interest rate exposure					Maturity dates		
	Weighted average effective int rate	Nominal amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
2009								
Payables	-	98,066	-	-	98,066	65,828	32,238	-
Borrowings	6.44%	127,829	127,829	-	-	32,272	95,557	-
	-	225,895	127,829	-	98,066	98,100	127,795	-
2008								
Payables	-	64,367	-	-	64,367	37,408	26,959	-
Borrowings	6.22%	197,747	197,747	-	-	69,918	127,829	-
	-	262,114	197,747	-	64,367	107,326	154,788	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

Note:

The nominal amounts disclosed are the contractual undiscounted cash flows of each class of financial liability. Therefore the amounts disclosed will not reconcile to the balance sheet. This analysis also excludes statutory payables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Landcom does not have any investments nor is there any exposure to foreign currency or commodity contracts.

(d) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Landcom's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, is minimal. Landcom's debt portfolio is managed by TCorp, the appointed debt management contractor.

Exposure to interest rate risk arises primarily through Landcom's interest bearing liabilities. This risk is minimized by undertaking mainly fixed rate borrowings with TCorp. Landcom does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale.

The following table provides the sensitivity analysis of interest rate risk affecting financial assets and liabilities on the operating result of Landcom. Landcom's borrowings are fixed interest and are held to maturity and therefore are not affected by interest rate movements. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. Landcom's exposure to interest rate risk is set out below.

	Carrying amount \$'000	Profit - 1% \$'000	Equity - 1% \$'000	Profit + 1% \$'000	Equity + 1% \$'000
2009					
Financial assets					
Cash and cash equivalents	117,213	(1,172)	(1,172)	1,172	1,172
2008					
Financial assets					
Cash and cash equivalents	173,065	(1,731)	(1,731)	1,731	1,731

(e) Net fair value

As stated in Note 1.21, all financial instruments are carried at net fair value, unless stated otherwise. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(f) Derivatives

Landcom is exposed to financial market risks and has contracted TCorp to manage its debt portfolio. In the management of debt, Landcom, via TCorp, undertakes derivative transactions.

The nature of the business gives rise to gaps in the maturity of its cash flows and to exposures arising from possible changes in the repricing of financial positions upon their maturity.

Landcom, via TCorp, has identified the risks that arise from such gaps and exposures and has established policies to prudently monitor and limit those risks, via derivative financial instruments.

A derivative financial instrument is a contract or agreement whose value is derived from the value of the underlying instrument, reference rate or index. Derivative financial instruments (including swaps, forward rate agreements, futures, options and forwards) are used to alter and modify the natural risks inherent in the Balance Sheet.

Landcom has interest rate future contracts at a \$4.2 million (2008: \$1.5 million) face value to hedge against unfavourable interest rate movement.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

Net exposure

The market value of Landcom's transaction in derivative financial instruments outstanding at 30 June 2009 is as follows:

	2009	2008
	\$'000	\$'000
Fair value of derivative financial instruments		
Amount receivable under derivative financial instrument	10	26

26 Expenditure Commitments

(a) Expenditure commitments

Aggregate expenditure contracted for at balance date but not provided for:

Not later than one year	421	2,297
Total (including GST)	421	2,297

The total expenditure commitments above include input tax credits of \$0.04 million that are expected to be recoverable from the ATO (30 June 2008: \$0.21 million).

(b) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,237	1,118
Later than one year but not later than five years	482	1,201
Total (including GST)	1,719	2,319

The total lease expenditure commitments above include input tax credits of \$0.156 million that are expected to be recoverable from the ATO (30 June 2008: \$0.211 million).

27 Contingent Liabilities

At the date of this report there were no significant contingent liabilities incurred in the normal course of business.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

28 Related Party Transactions

i. Specific Directors

The Directors of the current Landcom Board during the financial year were:

William Kirkby-Jones, AM	Chairman	
Sean O'Toole	Managing Director	
Neil Bird AM		
Robyn Clubb		
Gae Raby		
Madeline Dermatossian		
Kim Cull		Appointed 1/7/2008

ii. Specific Executives

Mick Owens	General Manager Development	
Kerry Robinson	General Manager Development	
Greg South	General Manager Corporate and Finance / Corporate Secretary	
Michael Burt	General Manager Development	
Rob Sullivan	General Manager Corporate Marketing	
Stuart McCowan	General Manager Development	
Margaret Ennis	General Manager Finance & IT	Appointed 8/5/2009

iii. Compensation of key management personnel paid during the financial year

2009	Remuneration paid	At risk paid	Other	Superannuation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Directors					
William Kirkby-Jones	95	-	3	6	104
Neil Bird	76	-	-	7	83
Gae Raby	66	-	-	6	72
Robyn Clubb	66	-	-	6	72
Madeline Dermatossian	64	-	-	6	70
Kim Cull	56	-	-	5	61
Executives					
Sean O'Toole	352	40	7	35	434
Mick Owens	220	25	7	21	273
Kerry Robinson	209	23	3	26	261
Stuart McCowan	209	23	3	14	249
Michael Burt	204	23	3	20	250
Greg South	238	25	-	26	289
Margaret Ennis	20	-	-	2	22
Rob Sullivan	205	15	6	14	240
30 June 2009 total compensation	2,080	174	32	194	2,480

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

28 Related Party Transactions (continued)

2008	Remuneration paid	At risk paid	Other	Superannuation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Directors					
William Kirkby-Jones	91	-	3	8	102
Neil Bird	78	-	-	7	85
Gae Raby	64	-	-	6	70
Robyn Clubb	65	-	-	6	71
Madeline Dermatossian	23	-	-	2	25
Executives					
Sean O'Toole	341	30	9	33	413
Mick Owens	204	24	7	20	255
Kerry Robinson	202	21	3	25	251
Stuart McCowan	197	20	2	13	232
Michael Burt	201	20	7	17	245
Greg South	242	25	-	25	292
Michelle Abbey	53	-	-	3	56
Geoff Joyce	71	39	1	38	149
Rob Sullivan	131	-	-	9	140
30 June 2008 total compensation	1,963	179	32	212	2,386

All transactions by Landcom with key management personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

There are no outstanding balances relating to any key management personnel.

There have been no guarantees provided or received for any key management personnel.

29 Post Balance Sheet Events

There have been no material post balance sheet events which would require disclosure or adjustments to the 30 June 2009 Financial Statements.

30 Segment Information

In 2009 and 2008 Landcom operated in one business segment, and one geographical segment. Consequently, a segment report for 2009 and 2008 has not been reported.

End of financial statements

Statutory requirements

Charter and function

Landcom is a state-owned corporation, operating under the Landcom Corporation Act 2001.

Principal objectives

Landcom's principal objectives are to:

- (a) be a successful business and to this end:
 - operate at least as successfully as any comparable business and
 - maximise the net worth of the state's investment in it
- (b) exhibit a sense of social responsibility by having regard to the community in which it operates
- (c) protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991.
- (d) exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates
- (e) undertake, or assist the Government in undertaking, strategic or complex urban development projects
- (f) assist the Government achieving its urban management objectives
- (g) be a responsible developer of residential, commercial and industrial land

Principal functions

Landcom's principal functions are:

- (a) to undertake and participate in residential, commercial, industrial and mixed development projects
- (b) to provide advice and services related to urban development, on a commercial basis, to government agencies and others.

Board of Directors, meetings and committees

Board of Directors

The Board is constituted under the Landcom Corporation Act 2001. It consists of six non-executive Directors plus the Managing Director. The directors are appointed by the Governor of New South Wales on the recommendation of the voting shareholders and after consultation with the Portfolio Minister.

During the reporting period, the Directors were:

Mr William Kirkby-Jones AM – Chairman
Mr Neil Bird AM – Deputy Chairman

Mr Sean O'Toole – Managing Director
Ms Robyn Clubb – Director
Ms Kim Cull – Director (appointed 1 July 2008)
Ms Madeline Dermatossian – Director
Ms Gae Raby – Director

Board meetings

Unless otherwise agreed, the Board meets on the fourth Monday of each month.

15 meetings¹ were held during this reporting period. The number of meetings attended by each director was as follows:

Director	Board Meetings Attended
Mr W Kirkby-Jones AM	13
Mr N Bird AM	14
Mr S O'Toole	15
Ms R Clubb	13
Ms K Cull	14
Ms G Raby	15
Ms M Dermatossian	13

¹ There were 11 meetings and four special meetings held during the reporting period.

Committee meetings

The Board has established four committees, the membership of which is reviewed on an annual basis. Membership of the committees during the reporting period was as follows:

Audit and Risk Management Committee:

Ms Robyn Clubb – Chairman
Mr Neil Bird AM
Ms Madeline Dermatossian
Ms Gae Raby

Marketing and Sales Committee:

Mr Neil Bird – Chairman
Mr William Kirkby-Jones AM
Mr Sean O'Toole
Ms Gae Raby

Information Technology Committee:

Mr William Kirkby-Jones AM – Chairman
Mr Neil Bird AM
Mr Sean O'Toole

Remuneration Committee:

All Directors

Statutory requirements continued

Risk management and insurance activities

Risk management

Landcom is committed to good corporate governance and as such adopts a methodical approach to the process and practice of risk management. The risk framework is compliant with the Australian/New Zealand Risk Management Standard AS/NZS 4360:2004.

To ensure the risk management process works effectively, Landcom has:

- Gained commitment from the Board, managing director, executive and all staff
- Assigned responsibilities within the organisation
- Refined the risk framework and improved guidelines on risk tolerance and reporting accountability
- Allocated appropriate resources to the training and development of all stakeholders in enhanced risk awareness.

The Board reviews the major strategic, business and operational risks to the organisation on a monthly basis. These are also reviewed by Board committees and the executive.

Business continuity

Landcom continues to review and refine its management of business continuity. Specific reviews of business process risk and impact analysis were conducted to refresh and validate Landcom's business continuity plan. This plan puts in place procedures to build operational resilience for adverse incidents, minimise the impact of a disaster and enable business to continue with minimum impact on stakeholders.

Testing of the plan during the reporting period focused on rehearsing disaster recovery plans. This included workplace recovery and critical business functions such as payment processing, fixed assets, corporate allocations, sales and conveyancing as well as document management.

Insurance

Landcom's insurance cover is provided by the NSW Treasury Managed Fund.

The fund is based on the principles of self-insurance and as such places high priority on the implementation of sound risk management practice. The self-insurance scheme is administered by GIO General for risks relating to motor vehicle, property, public liability and directors/officers liability.

Workers' compensation insurance is administered by Allianz Australia under the Treasury Managed Fund.

Landcom completed its 2009/2010 Renewal Declarations for the Treasury Managed Fund in November 2008 and renewed all covers for the 2009/2010 policy period.

A review in 2008 determined that insurance for civil and landscape works should be a contractor responsibility rather than be obtained by the principal. This is because contractors are more appropriately positioned to manage site risks and can more effectively insure works under their own cover. Contractor cover is managed through the contract of engagement to assure separation of insured parties.

Freedom of Information and Protection of Privacy

Freedom of information (FOI) applications

During the reporting period, Landcom received five FOI requests and continued work on one request from the 2004/2005 reporting period.

Two requests were received from agencies seeking agreement to release documents. Landcom agreed to one of these requests, while the other was determined to be not applicable to the corporation.

Three requests were received from individuals seeking access to documents. Landcom agreed to release the information in one case and partial release in another. In the other case it did not hold the information requested.

The following table shows all categories affected by the Freedom of Information Act 1989 requests in 2007/2008 and 2008/2009.

Statutory requirements continued

	Total 08/09	Total 07/08
Total Number of FOI Requests	6	14
Completed	6	13
Unfinished	0	1
What happened to completed requests?		
Granted in full	2	13
Granted in part	1	0
Applicant Refused	0	1
Assessed Not Applicable to Landcom	2	0
FOI Requests granted in part or refused?		
Section 22 – Advanced deposit not paid	0	0
Section 25 – Diversion of resources	0	0
Section 25 – Documents available free of charge	0	0
Section 25 – Exempt	0	1
Costs and Fees of requests processed		
Assessed Costs	<\$10,000	>\$60,000
FOI Fees Received	\$30	\$60
Discounts Allowed	\$0	0
Days to Process		
0-21	4	12
22-35	1	0
Over 35	0	2
Reviews and Appeals		
Number of internal reviews	0	0
Administrative Decision Tribunal	1	1

Privacy

Landcom is committed to ensuring individuals' privacy is protected and our activities comply with the Privacy and Personal Information Protection Act 1998 (NSW) and the Privacy Amendment (Private Sector) Act 2000 (Commonwealth).

Our privacy management plan is based on the following 12 information protection principles of the Privacy and Personal Information Protection Act (PPIP), which establish standards for using personal information.

PRINCIPLE 1	(S.8 PPIP Act) - Collection of Personal Information for Lawful Purposes
PRINCIPLE 2	(S.9 PPIP Act) - Collection of Personal Information Directly from the Individual
PRINCIPLE 3	(S.10 PPIP Act) - Requirements when Collecting Personal Information
PRINCIPLE 4	(S.11 PPIP Act) - Other Requirements Relating to Collection of Personal Information
PRINCIPLE 5	(S.12 PPIP Act) - Retention and Security of Personal Information
PRINCIPLE 6	(S.13 PPIP Act) - Information about Personal Information held by Agencies
PRINCIPLE 7	(S.14 PPIP Act) - Access to Personal Information held by Agencies

PRINCIPLE 8	(S.15 PPIP Act) - Alteration of Personal Information
PRINCIPLE 9	(S.16 PPIP Act) - Agency must check Accuracy of Personal Information before Use
PRINCIPLE 10	(S.17 PPIP Act) - Limits on Use of Personal Information
PRINCIPLE 11	(S.18 PPIP Act) - Limits on Disclosure of Personal Information
PRINCIPLE 12	(S.19 PPIP Act) - Special Restrictions on Disclosure of Personal Information

There were no complaints made relating to the use of personal information during the reporting year.

Landcom's Summary of Affairs was published in the NSW Government Gazette in December 2008 and our Statement of Affairs was updated.

The FOI and Privacy Coordinator can be contacted by writing to:

FOI and Privacy Coordinator
Landcom
PO Box 237
Parramatta NSW 2124

or by email to: enquiry@landcom.nsw.gov.au

Statutory requirements continued

Creating and maintaining a safe, diverse and ethical work culture

Occupational health and safety

Landcom's commitment to providing a safe and healthy work environment for employees, clients and stakeholders is highlighted by its commitment to continuous improvement in occupational health and safety. This is achieved through effective planning, consultation, implementation, monitoring and review.

The Board has endorsed continuous improvements to the Occupational Health and Safety (OH&S) framework, meeting targets outlined by the NSW Government's 'Taking Safety Seriously' and 'Working Together' strategies.

Centralised accountability for the OH&S System and the processes underpinning its management is taken by the General Manager Finance & IT and functionally by the business services manager.

An OH&S consultation committee operates with staff volunteers and nominated management representatives, in accordance with Landcom's OH&S policy which is reviewed as required.

The committee meets quarterly to review previously raised issues, new issues or any near-miss incidents brought to its notice.

The OH&S system and processes have enabled:

- a forum for employees and management to openly discuss OH&S concerns
- a regime of prevention, inspection, identification and reduction of OH&S hazards
- a continuous improvement philosophy to OH&S within Landcom
- hazard identification inspections at all employee locations using defined checklists
- maintenance of an OH&S actions database to monitor the status of hazard elimination or mitigation.

Landcom is committed to providing a safe and healthy work environment. Unfortunately two lost time workplace strain injuries and three minor journey incidents occurred during the reporting period.

Ethnic Affairs Priorities Statement 2007–2009

Landcom's ethnic affairs priorities statement is delivered through extensive community consultation before and during the development and marketing/sales phases of projects.

The corporation communicates with the community through its community welcome and development program and through stakeholder consultation programs. The welcome program provides services and home 'welcome' visits to customers who move into Landcom estates. Welcome kits provided to new residents as part of this program include information about local Culturally and Linguistically Diverse

(CALD) organisations, services for CALD residents and information on how to access the free interpreter service.

Over the past year, Landcom's welcome program made contact with over 600 households in 12 new housing estates. Approximately 20%-25% of these households were from CALD backgrounds where the main language spoken in the home was not English. Specific initiatives were implemented to assist these community members and to bring different community groups together. In May representatives from all Landcom welcome programs attended a one day workshop at Sydney University on 'Working with Culturally and Linguistically Diverse Communities'.

During the year, Landcom expanded its walking school bus project, established at Parklea Public School during 2006/2007. The school is located in Glenwood where more than 35% of households speak a language other than English (ABS 2006). The project has had significant social outcomes and has seen participation from a high proportion of CALD families. More than 120 students now participate regularly, with more than 50% coming from a CALD background.

'Harmony Day' events were held in March 2009 as part of Landcom's welcome program in Blacktown, Shellharbour and Camden. These were a celebration of each communities' diversity and multiculturalism: 34% of Blacktown residents, 19% of Shellharbour residents and 16% of Camden residents were born overseas (ABS 2006).

To better inform these activities, Landcom conducts a new resident survey to capture basic demographic information and obtain feedback on its sales and marketing processes. The survey asks residents for information on their and their parent's country of birth to better target future sales and marketing campaigns and community development programs.

Landcom also has a stakeholder consultation workbook which provides guidelines to project teams planning community engagement activities. The workbook includes information for effectively engaging members of ethnic minority groups, including the provision of interpreters and written translation services.

All promotional materials for Landcom residential developments provide references to the availability of interpreter and translation services. Posters detailing the Department of Immigration and Multicultural Affairs' translating and interpreting services are also on display in all Landcom sales offices. Where appropriate, marketing campaigns for individual projects target specific CALD groups identified through market research as potential purchasers.

Merit selection practices are used and the principles of cultural diversity communicated in all Landcom recruitment processes. In addition, staff training, conducted annually, incorporates cross-cultural components.

Over the next two years, Landcom will continue to implement and review its performance against its ethnic affairs priority statement.

Statutory requirements continued

EAPS 2007-2009: Performance report

The priorities established for Landcom during 2008/2009 and the details of its performance against these priorities are set out in the table below:

Ethnic Affairs Initiative	Key Result Area	Strategies/Tasks	Responsibility	Resources/ Budget	Performance Indicators	Report 2007/2008	Goals for 2008/2009
Develop and implement stakeholder consultation plans in accordance with Landcom's Stakeholder Consultation Workbook	Social Justice. [1.9 Planning for Cultural Diversity]	Ensure that each project does not proceed without a stakeholder consultation plan. (Australian Bureau of Statistics demographic data to be used to develop the consultation plan, which is inclusive of ethnic communities)	General Managers Development	Project budgets	100% of projects	100% of current projects had a formal stakeholder consultation plan	100% of current projects to have a formal stakeholder consultation plan
		Establish a register of stakeholder consultation plans	General Manager, Corporate Marketing	Division budget	Register established (timeliness)	100% of current projects to report on implemented community consultation activities	100% of current projects to report on implemented community consultation activities
Improve information about interpretive and translation services in all relevant Landcom marketing and sales material	Social Justice [1.7 Access to interpreters and translators]	Review current marketing and sales material for appropriate information	General Manager, Corporate Marketing	Marketing budget	Review complete (timeliness)	Translating and interpreting services established in all offices Interpreters used for specific community meetings	References to translation interpreting services in marketing and community information
Use census data to identify languages spoken by emerging communities in Landcom estates	Social Justice. [1.7 Access to interpreters and translators]	Arrange for access to interpretive and translation services and provide welcome program information in key community languages	Director, Sustainability & Policy and General Manager Corporate Marketing	Project budgets	Review complete (timeliness)	Census and Landcom survey data reviewed for all Landcom projects where there was an active welcome program to identify major CALD communities	Initiate a minimum of one community development project or event in each welcome program that addresses the needs and interests of identified CALD groups
CALD community based organisations actively encouraged to tender for the delivery of Landcom's welcome program in new estates	Social Justice [1.9 Planning for Cultural Diversity]	Facilitate information sessions prior to the expressions of interest process, outlining the role and benefit of Landcom's welcome program	Director, Sustainability & Policy	Project budgets	Number of CALD community based organisations submitting EOIs for the delivery of new welcome programs	A CALD community based organisation (Macarthur Diversity Services Inc) are currently delivering Landcom's welcome program at Mt Annan in the Camden area	Encourage CALD community based organisations to tender for delivery of Landcom's welcome programs in projects with an anticipated high % of CALD residents eg Minto
Through market research identify strategies to increase participation by CALD young people in Landcom's welcome program	Social Justice [1.9 Planning for Cultural Diversity]	Undertake consultation with young people in established Landcom communities	Director, Sustainability & Policy and General Manager Corporate Marketing	Marketing and/or project budgets	Research project completed (timeliness)	Landcom's new residents survey, census data and community research identified Landcom projects with high % of CALD residents	Plan and deliver specific initiatives for CALD young people into welcome and community development projects
Develop strategic partnerships with CALD community based organisations for delivery of Community Development initiatives in Landcom estates	Community Harmony [2.1 Community Development]	Invite CALD organisations to submit proposals for community development initiatives in Landcom estates	Director, Sustainability & Policy	Division budget	Partnership established	Macarthur Diversity Services Inc deliver a range of community development initiatives (playgroups, environmental education etc) in Landcom's Garden Gates estate at Mt Annan	Establish additional partnerships and undertake further staff training to enable community development programs to better address the needs of CALD residents in Landcom communities

Statutory requirements continued

Equal Employment Opportunity (EEO)

Landcom is an equal opportunity employer and has an EEO policy in place. Its code of conduct also stipulates the organisation's commitment to EEO.

Landcom undertook the following initiatives in accordance with its EEO plan for 2008/2009:

- All new employees received a formal induction to the organisation. Among other issues, the intention is to make all new employees aware of Landcom's policies on OH&S, fair treatment at work, working from home and on grievance procedures.
- Ongoing training in EEO principles for new employees.
- Professional development opportunities for all staff through career and development plans formulated as part of Landcom's individual performance review process.
- Ongoing training, where necessary, on merit recruitment principles.
- Ongoing coaching/mentoring through Landcom's training and development program, which provides a structure for the growth and development of employees.

In addition, Landcom continued to offer employment opportunities for Indigenous people through its indigenous scholarship and actively sought suitable candidates.

EEO Group	Benchmark on Target	2005	2006	2007	2008	2009
Women	50%	42%	40%	41%	41%	42%
Aboriginal people and Torres Strait Islanders	2%			0%	0%	0%
People whose first language was not English	20%	24%	26%	28%	29%	29%
People with a disability	12%	1%	1%	1%	1%	1%
People with a disability requiring work-related adjustment	7%			0%	0%	0%

NSW Government action plan for women

To meet the objectives of NSW Government's action plan for women Landcom:

- Promoted the development of career plans for all women through the performance management system (including access to professional development programs).
- Implemented an annual training and development program, which includes coaching and mentoring for women.
- Provided access to part-time employment arrangements.
- Provided access to its working from home policy.

Guarantee of Service

Code of conduct

Landcom places the utmost importance on integrity, probity and the promotion of a positive and responsive attitude among staff. Its code of conduct has been specifically prepared to provide support and guidance for these values and has the full support of the Board and executive.

The code provides an ethical framework for the way in which Landcom conducts its business, reinforcing employee obligations and the Government's broader codes of practice. It applies to all staff and directors.

All new employees are briefed on the code during their induction to the organisation. They are also required to sign an acknowledgement form which accompanies the code to confirm their understanding of Landcom's ethical standards.

Complaints and compliments system

Landcom welcomes feedback from all its stakeholders and has instituted a complaints/ compliments handling system.

This system is supported by a policy and procedures which provide guidance to staff and an explanation to customers on Landcom's complaints handling process. The policy relates to Landcom's products and services, conduct and other relevant policies and procedures. The Landcom executive reviews the complaints to determine if there is cause to implement corrective or preventative action. The majority of the complaints are dealt with within seven days.

A summary of the complaints received during the reporting period is provided in the table set out below. There has been a 20% fall in the number of complaints received in comparison to the previous (2006/2007) reporting period.

In addition, during 2007/2008, Landcom also received eight formal compliments relating to its customer service and its management of community events.

Category of Complaint	Number of Complaints 2007/2008	Number of Complaints 2008/2009
Design	3	0
Environment	4	6
Marketing / Sales	6	6
Miscellaneous	3 (construction) 6 (council) 2 (crime)	2 (counstruction) 1 (council) 2 (crime) 10 (other)
Total	24	27

Statutory requirements continued

Executive Positions

Remuneration of senior executives at or above Senior Executive Service (SES) level 5

Total remuneration for senior executives is calculated as the sum of the cost of employment, including contributions to a superannuation scheme by Landcom and novated lease

payments for a motor vehicle, where such an option has been exercised.

The payment of an 'at risk' component is determined based on the performance of both Landcom and the individual senior executive.

Executive	Position	Remuneration Paid 2008/2009	At Risk Paid 2007/2008	Total	Key Achievements
Sean O'Toole	Managing Director	\$387,026	\$40,000	\$427,026	<ul style="list-style-type: none"> Achieved key financial and project targets Developed practical strategies to address issues contributing to the downturn in the southwestern Sydney property market Produced PRECINX, which can be used by the development industry to measure and inform sustainability performance at the neighbourhood level Positioned Landcom to take a leadership role in establishing a consistent sustainability reporting framework for the development industry Developed practical demonstration of sustainability innovations in housing Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects Focused the staff engagement program on individual career development
Mick Owens	General Manager Development	\$240,788	\$25,000	\$265,788	<ul style="list-style-type: none"> Achieved key financial targets Delivered key project milestones Assisted in the development of practical strategies to address issues contributing to the downturn in the southwestern Sydney property market Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects Used the staff engagement program to focus on individuals' career development
Kerry Robinson	General Manager Development	\$235,009	\$22,500	\$257,509	<ul style="list-style-type: none"> Achieved key financial targets Delivered key project milestones Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects Used the staff engagement program to focus on individuals' career development

Statutory requirements continued

Mick Burt	General Manager Development	\$223,126	\$23,436	\$246,562	<ul style="list-style-type: none"> • Achieved key financial targets • Delivered key project milestones • Developed practical strategies to address issues contributing to the downturn in the southwestern Sydney property market • Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects • Used the staff engagement program to focus on individuals' career development
Stuart McCowan	General Manager Development	\$223,126	\$23,082	\$246,208	<ul style="list-style-type: none"> • Achieved key financial targets • Delivered key project milestones • Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects • Used the staff engagement program to focus on individuals' career development
Greg South	General Manager Corporate and Finance	\$264,124	\$25,480	\$289,604	<ul style="list-style-type: none"> • Assisted with the delivery of key financial targets • Delivered key project milestones • Developed practical demonstration of sustainability innovations in housing • Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects • Used the staff engagement program to focus on individuals' career development
Robert Sullivan	General Manager Corporate Marketing	\$218,559	\$15,402	\$233,961	<ul style="list-style-type: none"> • Developed practical strategies to address issues contributing to the downturn in the southwestern Sydney property market • Positioned Landcom to take a leadership role in establishing a consistent sustainability reporting framework for the development industry • Ensured the Government's investment in Landcom's brand and its strategic value was protected and appropriately recognised in partnered projects • Used the staff engagement program to focus on individuals' career development

Executives with remuneration equal to or exceeding SES level 1

Number of executives with remuneration equal to or exceeding equivalent of SES level 1 (excluding SES Level 5 or above) at the end of the current reporting year: 17

Number of such positions filled by women in the current year: 3

Statutory requirements continued

Total Staff (exclusive of SES level 1 or above) by pay level

Level	Total number of staff	Men	Women	Aboriginal People and Torres Strait Islanders	People from Racial, Ethnic, Ethno Religious Minority Group	People whose Language first spoken as a child was not English	People with a Disability	People with a Disability requiring adjustment at work
39,803 – 46,273	0	0	0	0	0	0	0	0
49,748 – 54,049	5	1	4 (1 x part-time) (3 x temporary)	1	3	3	0	0
56,757 – 62,111	9	1	8 (1 x part-time)	0	4	4	0	0
65,699 – 72,500	11	5	6 (2 x temporary)	0	7	7	0	0
78,555 – 86,688	26	8 (4 x temporary)	18 (2 x part-time) (4 x temporary)	0	8	8	0	0
91,980 – 99,549	21	14 (2 x temporary)	7 (1 x part-time)	0	9	7	1	0
104,634 – 115,114	42	31 (1 x part-time) (5 x temporary)	11 (2 x part-time) (2 x temporary)	0	10	10	0	0
124,923 – 136,611	6	4 (1 x temporary)	2 (1 x temporary)	0	1	1	0	0
Total	120	64	56	1	42	40	1	0

Statutory requirements continued

Promotional Activities

Promotion

During the reporting period, Landcom produced a number of publications that were designed to promote the release of land, with each land release being supported by a sales plan and an advertising campaign.

In addition, information concerning our corporate activities was communicated to Landcom stakeholders through the Annual and Sustainability Report 2007/2008; and via Landcom's website at www.landcom.com.au.

Production cost of annual report

The overall cost of producing, printing and building a HTML website of the 2008/2009 annual report is estimated at \$40,000.

Miscellaneous Activities

Consultancies

We spent a total of \$210,361 during the reporting period on consultants. These engagements were for facilitation of Landcom's strategic planning workshop, upgrade of existing Information Technology systems and developing policy and procedures documentation.

Overseas visits

No overseas trips were taken during the 2008/2009 year.

Heritage and conservation management

The whole of the Prince Henry site and its heritage buildings, landscapes and landscape items were listed on the state heritage register during the reporting period. Any development application relevant to these sites, whether by Landcom or otherwise, was referred to the Heritage Council by Randwick City Council during the application process.

Some 13 heritage listed buildings have been sold by Landcom to private sector developers who are in the process of restoring and/or adaptively reusing them. Privately owned buildings where restoration and/or adaptive reuse are complete are now in excellent condition. The six heritage buildings Landcom restored are also in excellent condition. Buildings yet to be restored are generally in a poor (but stable) condition.

Associated heritage listed landscapes are currently under Landcom's direct care and are in excellent condition.

Disclosure Of Approved Exemptions

Following Landcom's corporatisation on 1 January 2002, approval was granted for the following reporting exemptions (relevant to this annual report). The list of exemptions, some with conditions attached, was approved by NSW Treasury to overcome concerns about the loss of commercial confidentiality for statutory state owned corporations.

Statutory requirements continued

Statutory Requirements	Act/Regulation References	Comments
ANNUAL REPORTING EXEMPTIONS		
<ul style="list-style-type: none"> Detailed budget for the year in review Outline budget for next year Particulars of material adjustments to detailed budget for the year in review 	Budgets s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 cl. 6 Annual Report (Statutory Bodies) Regulation 2005	
REPORT OF OPERATIONS		
Summary Review of Operations <ul style="list-style-type: none"> Narrative summary of significant operations Selected financial and other quantitative information associated with the administration of programmes or operations 	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition that comments and information relating to the 'summary review of operations' are to be disclosed in a summarised form.
Management and Activities <ul style="list-style-type: none"> Nature and range of activities Measures and indicators of performance Internal and external performance reviews Benefits from management and strategy reviews Management improvement plans and achievements Major problems and issues Major works in progress, cost to date, estimated dates of completion and cost overruns Reasons for significant delays etc to major works or programs 	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition that comments and information relating to 'management and activities' are to be disclosed in a summarised form.
Human Resources <ul style="list-style-type: none"> Number of employees by category and comparison to prior three years Exceptional movements in employee wages, salaries or allowances Personnel policies and practices Industrial relations policies and practices 	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition that overseas visits with the main purposes highlighted are required to be disclosed.
Consultants <ul style="list-style-type: none"> For each engagement costing more than \$30,000: <ul style="list-style-type: none"> name of consultant title of project actual cost For each engagement costing less than \$30,000: <ul style="list-style-type: none"> total number of engagements total cost If applicable, a statement that no consultants were engaged 	Schedule 1 Annual Report (Statutory Bodies) Regulation 2005	Exemption subject to a condition that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.

Statutory requirements continued

<p>Land Disposal</p> <ul style="list-style-type: none"> • Properties disposed of during the year: <ul style="list-style-type: none"> - total number - total value • If value greater than \$5 million and not by public auction or tender: <ul style="list-style-type: none"> - list of properties - for each case, name of person who acquired the property and proceeds from disposal - Details of family or business connections between the purchaser and the person responsible for approving the disposal - Statement giving reasons for the disposal - Purpose/s for which proceeds were used - Statement indicating that access to the documents relating to the disposal can be obtained under the Freedom of Information Act 	<p>Schedule 1 Annual Report (Statutory Bodies) Regulation 2005</p>	
<p>Consumer Responses</p> <ul style="list-style-type: none"> • Extent and main features of complaints • Services improved/changed in response to complaints/suggestions 	<p>Schedule 1 Annual Report (Statutory Bodies) Regulation 2005</p>	<p>Exemption subject to a condition. The condition is that comments and information relating to 'consumer responses' are to be disclosed in a summarised form.</p>
<p>Payment of Accounts</p> <ul style="list-style-type: none"> • Performance in paying accounts, including action to improve payment performance 	<p>Schedule 1 Annual Report (Statutory Bodies) Regulation 2005</p>	<p>This exemption only applies to statutory State-owned corporations as they are not subject to the payment of accounts provisions in s15 of the Public Finance and Audit Regulation.</p>
<p>Time for Payment of Accounts</p> <ul style="list-style-type: none"> • Reasons for late payment • Interest paid due to late payments 	<p>Schedule 1 Annual Report (Statutory Bodies) Regulation 2005</p>	<p>As above.</p>
<p>Report on Risk Management and Insurance Activities</p>	<p>Schedule 1 Annual Report (Statutory Bodies) Regulation 2005</p>	<p>Exemption subject to a condition. The condition is that the comments and information are to be disclosed in a summarised form.</p>
<p>Disclosure of Controlled Entities</p> <ul style="list-style-type: none"> • Details of names, objectives, operations activities of controlled entities and measures of performance 	<p>Schedule 1 Annual Report (Statutory Bodies) Regulation 2005</p>	<p>Exemption subject to a condition. The condition is that the names of the controlled entities are to be disclosed along with a summary of the controlled entities' objectives, operations, activities and measures of performance.</p>
<p>Investment Performance</p>	<p>cl. 12 Annual Report (Statutory Bodies) Regulation 2005</p>	
<p>Liability Management Performance</p>	<p>cl. 13 Annual Report (Statutory Bodies) Regulation 2005</p>	

References: ARSBA – Annual Reports (Statutory Bodies) Act 1984,

ARSBR – Annual Reports (Statutory Bodies) Regulation 2005.

Global Reporting Initiative

Global Reporting Initiative (GRI) G3 Assessment

Net Balance has provided an independent assessment of Landcom's compliance to GRI requirements.

The table below provides a reference to the sections within Landcom's 2008/2009 Annual Report where specific key GRI indicators relevant to Landcom's business have been addressed. For an assessment of Landcom's 2008/2009 Annual Report against the complete list of GRI indicators, please refer to this link: www.landcom.com.au/GRI_Index

Standard Disclosures - Profile					
1. Strategy and Analysis					
Profile Disclosure	Description	Reference	Report Status*	Net Balance comments	Page Number Annual Report
1.1	Statement from the most senior decision-maker of the organisation	Chairman's Review Managing Director's Review	PC		2 3
1.2	Description of key impacts, risks, and opportunities	Chairman's review Managing Director's review Six year performance summary Environmental care Environmental care - Engaging with our stakeholders about how we report on sustainability Statutory requirements	PC		2 3 33-38 39-47 58 103-114
4. Governance, Commitments, and Engagement					
Profile Disclosure	Description	Reference	Report Status*	Comments	Page Number
4.1	Governance structure of the organisation	Governance structure	C		11
4.2	Indicate whether the Chair of the Board of Directors also an executive officer	Board of Directors Executive team	C	The chairman is a non-executive member of the Board	12-13
4.3	Number of members of the Board of Directors that are independent and/or non-executive members	Board of Directors Executive team	C		12-13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Our stakeholders Understand the needs of our stakeholders	C		6 49
4.5	Linkage between compensation for members of the Board of Directors, senior managers, and executives	Statutory requirements - Executive positions	C		109

*Report Status C = Compliance PC = Partial Compliance NR = Not Reported NA = Not Applicable

Global Reporting Initiative continued

4. Governance, Commitments, and Engagement (continued)					
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Landcom has a number of policies to help prevent conflicts of interest including: - Declaration of Interest - Conflict of interest - Probity policy	C		GRI Index
4.7	Process for determining the qualifications and expertise of the members of the Board of Directors	Governance - Board of Directors	PC	Whilst Landcom does disclose the qualifications and expertise of the Board of Directors and Executive Team, Landcom does not disclose the process for determining qualifications.	12
4.8	Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Statutory requirements	C		103-108
4.9	Procedures of the highest governance body for overseeing relevant risks and opportunities, and adherence or compliance with standards, codes of conduct, and principles.	Statutory requirements	C		103-108
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Environmental care Governance Statutory requirements	C	BASIX (Building Sustainable Index) NaTHERS, Solar Cities program AS/NZS ISO 14001:2004, GRI, NABERS AS/NZS 4360:2004	39 56 103
4.14	List of stakeholder groups engaged by the organisation	Our stakeholders	C		6
4.16	Approaches to stakeholder engagement	Our stakeholders Governance-Engaging with stakeholders about how we report on sustainability	C		6 58
4.17	Key topics and concerns raised through stakeholder engagement and how these have been addressed.	Governance-Engaging with stakeholders about how we report on sustainability	C		58

*Report Status C = Compliance PC = Partial Compliance NR = Not Reported NA = Not Applicable

Global Reporting Initiative continued

Economic Performance Indicators					
Performance Indicator	Description	Reference	Report Status*	Comments	Page Number
EC1	Direct economic value generated and distributed	Economic development Financial statements	C		54 64-102
EC3	Coverage of the organisation's defined benefit plan obligations	Financial statements	C		64-102
EC8	Development and impact of infrastructure investments and services provided	Renewing urban areas, developing major centres, supplying housing, and managing complex government assets. Social development	C		15-19 47-53
Environmental Performance Indicators					
Performance Indicator	Description	Reference	Report Status*	Comments	Page Number
EN1	Materials used by weight or volume	Environmental care - Waste	C		42
EN2	Percentage of materials used that are recycled input materials	Environmental care - Waste	C		42
EN3	Direct energy consumption by primary energy source	Environmental care - Energy	C		42-45
EN4	Indirect energy consumption by primary source	Environmental care - Energy	C		42-45
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental care - Biodiversity	C		46
EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environmental care - Biodiversity	C		46
EN16	Total direct and indirect greenhouse gas emissions by weight	Environmental care - Energy	C		42-45
EN21	Total water discharge by quality and destination	Environmental care - Water	C	The quantity of water discharged is presented as a percentage.	39-41
EN22	Total weight of waste by type and disposal method	Environmental care - Waste	C		42
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental care - Water, waste, biodiversity and energy	C		39-46

*Report Status C = Compliance PC = Partial Compliance NR = Not Reported NA = Not Applicable

Global Reporting Initiative continued

Social Performance Indicators: Labour Practices and Decent Work					
Performance Indicator	Description	Reference	Report Status*	Comments	Page Number
LA1	Total workforce by employment type, employment contract, and region	Statutory requirements - Total staff	C		111
LA2	Total number and rate of employee turnover by age group, gender, and region	Employees	C	Landcom discloses the employee retention rate	52
LA4	Percentage of employees covered by collective bargaining agreements	Six-year performance summary	PC	Whilst Landcom discloses the percentage of employees who are part of a union, to fulfil this indicator, Landcom will need to disclose the percentage of employees covered by collective bargain agreements.	36
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Creating and maintaining a safe, diverse and ethical workplace	PC	Landcom discloses the number of injuries. There were no fatalities during the reporting year. To fulfil this indicator occupational diseases, lost days and absenteeism will need to be disclosed.	106
LA10	Average hours of training per year per employee by employee category	Social development - Employees	PC	Landcom discusses the range of training opportunities provided, however hours of training per employee are not disclosed.	53
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Statutory requirements	C		103,108-110

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Global Reporting Initiative continued

Social Performance Indicators: Human Rights					
Performance Indicator	Description	Reference	Report Status*	Comments	Page Number
HR4	Total number of incidents of discrimination and actions taken	Nil incidents in the reporting period.	C		GRI Index
Social Performance Indicators: Society					
Performance Indicator	Description	Reference	Report Status*	Comments	Page Number
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Renewing urban areas, developing major centres, supplying housing, and managing complex government assets. Social development	C		15-19 47-53
Social Performance Indicators: Product Responsibility					
Performance Indicator	Description	Reference	Report Status*	Comments	Page Number
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Social development - Educating consumers about sustainable living.	C		51
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		C	Landcom complies with the Fair Trading Act 1987 (NSW)	GRI Index

*Report Status C = Compliance PC = Partial Compliance NR = Not Reported NA = Not Applicable

Glossary

Australian Building Greenhouse Rating (ABGR)

Commercial building energy and greenhouse rating tool.

Average Recurrence Interval (ARI)

The long-term average number of years between the occurrence of a flood as big as (or larger than) the selected event. For example, floods with a discharge as great as (or greater than) the 20-year ARI flood will occur on average once every 20 years.

BASIX

The Building Sustainability Index is a web-based rating tool that calculates the water and energy efficiency of new homes. The NSW Government introduced BASIX so new homes are designed and built to use up to 40% less water and produce 40% fewer greenhouse gas emissions than today's average home. www.basix.nsw.gov.au

CO₂ (Carbon dioxide)

A colourless, odourless, non-poisonous gas that is a normal part of our atmosphere. Carbon dioxide is a product of fossil fuel combustion. It is the most significant greenhouse gas because it is released in vast quantities, mainly as a result of burning fossil fuels such as coal, oil and gas.

CO₂e (Carbon dioxide equivalent)

Greenhouse gas emissions which include other gases such as methane are often measured in tonnes of carbon dioxide equivalent, which means the equivalent amount of CO₂ emissions which would have the same effect.

Endangered Ecological Communities (EEC)

An assemblage of species occupying a particular area that are in danger of becoming extinct (refer to NSW Threatened Species Conservation Act 1995 for detailed description)

Greenhouse gas

Greenhouse gases absorb heat and warm the lower atmosphere, although they comprise only 1% of it by volume. In the absence of greenhouse gases the average global temperature would be about -18°C and the earth would be uninhabitable. However, the concentration of greenhouse gases has been rising, mainly as a result of burning fossil fuels.

This is thought to be the cause of climate change. The more common greenhouse gases are carbon dioxide and methane.

Masterplan

An interpretation of the planning controls and urban design principles for a site setting the framework for future development.

Mean annual load

The yearly average amount of material discharged. Often refers to discharge of water pollutants into a river or creek.

Moderate Income Housing

Housing that is affordable to those households on incomes between \$53,073 and \$79,611 per year in 2008/2009.

NABERS Energy (National Australian Built Environment Rating System - Energy)

NABERS Energy is a rating tool that measures and compares the energy and greenhouse performance of commercial buildings.

NatHERS (Nationwide House Energy Rating Scheme)

NatHERS provides a framework that allows various computer software tools to rate the potential energy efficiency of Australian homes. NatHERS defines the minimum set of information that must be used by all software tools.

OHS&R

Occupational Health, Safety and Rehabilitation.

Potable water

Water that is drinkable.

RAMSAR

The convention on wetlands, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The Ramsar list of wetlands includes 1,611 wetland sites of international importance.

Riparian corridor

Land directly adjacent to or surrounding a natural or artificial waterway, including rivers, intermittent or permanent creeks and streams, wetlands and lakes.

The corridors provide a crucial link between land and water ecosystems.

Stormwater

Surface water resulting from heavy rain.

Threatened species

A species that is either endangered, vulnerable or presumed extinct.

Total nitrogen

Total nitrogen is the sum of nitrate, nitrite, ammonia and organic nitrogen. Nitrogen is found in fertilisers and contributes to algal blooms and excessive aquatic plant growth.

Total phosphorus

The total concentration of phosphorus found in the water. Phosphorus is a plant nutrient found in many fertilisers, increasing the growth of plant life such as algae.

Total suspended solids

Total suspended solids (TSS) is a measure of the mass of fine inorganic particles suspended in the water. TSS concentration has important ecological impacts including decreasing the light penetration into the water column, clogging gills of fish and smothering aquatic habitat.

VENM

(Virgin Excavated Natural Material)

A site's endemic ground material such as clay, gravel, sand, soil and rock that is not mixed with any other waste, and has been excavated from areas that are not contaminated with manufactured chemicals as a result of industrial, commercial, mining or agricultural activities.

Water Sensitive Urban Design (WSUD)

WSUD refers to the design principles that aim to reduce the impact of interactions between the urban built form (including urban landscapes) and the urban water cycle as defined by the three urban water streams of potable water, wastewater and stormwater.

Ha = hectare

kL = kilolitre

kWh = kilowatt hours

tCO₂e = tonnes carbon dioxide equivalent

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Corporate directory

Landcom's head office is open from Monday to Friday between the hours of 8:00 am and 6:00pm (except Public Holidays).

Landcom's other offices at Campbelltown, Newcastle, Zetland and Little Bay are open between the hours of 9:00 am and 5:00 pm.

Landcom Sales Offices are generally open from 10:00 am to 5:00 pm, 7 days a week. Please send your comments to enquiry@landcom.nsw.gov.au

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